The Smith Family

Learn today, change tomorrow.

A.C.N. 000 030 179

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023

THE SMITH FAMILY (A.C.N. 000 030 179)
FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023

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Registered Office
The Smith Family
Level 17, 2 Market Street
Sydney, NSW, 2000

THE SMITH FAMILY
DIRECTORS' REPORT
30 JUNE 2023

DIRECTORS' REPORT

The directors of The Smith Family present their report for the year ended 30 June 2023.

1. The Directors

The following persons were directors of The Smith Family during the financial year and up to the date of this report unless otherwise stated:

C. Cawsey
S.A. Davis
J.A. Harmer
R.M. Garnon
M.G. Johnson
A.J. Kloeden
J.C.R. Maycock
N.W. Moore
P.J. Radoll
D.D. Taylor

2. Strategic Priorities

The Company's primary purpose is to create opportunities for disadvandaged young Australians in need by providing long-term support for their participation in education.

The Company's strategic priorities to support its purpose over the next five years are to:

- (i) Deepen long-term, evidence-based personalised practice for *Learning for Life* recipients to improve student outcomes through programs and enabled by data;
- (ii) Leverage partnerships for, and increase digital delivery of short-course programs;
- (iii) Expand digital inclusion to all *Learning for Life* students;
- (iv) Grow the number of *Learning for Life* scholarships and program reach;
- (v) Be an authoritative and influential advocate with those who shape public policy on behalf of disadvantaged children and young people;
- (vi) Develop and maintain a sustainable funding base.

3. Principal Activities

Policy and Programs

The Company provides support to children and young people in need through financial scholarships to cover essential education costs, as well as mentoring and other programs, to help keep them engaged with their education. The support is long term: the Company supports families and children before they start school, throughout primary school and as students move through secondary school, complete Year 12 and potentially go on to tertiary studies.

By working in multiple areas of influence the Company improves the likelihood of positive outcomes for them, their families and their wider communities, taking a 'whole of community' and evidence-informed approach to leverage and coordinate the skills and resources of parents, educational institutions, community organisations and businesses.

This year the Company's programs reached more than 192,873 young Australians and their parents or carers in 91 communities in every state and territory throughout Australia. This constitutes an increase of 0.5% in the number of program participants.
Expenditure on community programs increased to $111.5 million (2022: $102.9 million). This reflects the cost of additional scholarship payments during the year.

Fundraising

The Company continued to invest significantly in fundraising in 2022-23 to support the implementation of its longer-term growth plans. This investment continued to focus particularly on the core areas of Individual and Major Donor fundraising, enhancing our expertise and our market value proposition, and continuing to promote new and improved fundraising channels and activities. It is directed at sustainable generation of the funds required to support planned growth in the Company's work.

Multi-year partnerships with business, government and educational institutions contributed $40.9 million in 2023 (2022: $41.8 million), while financial support from individual donors and sponsors totalled $92.3 million (2022: $86.9 million).

During the year the Company continued to seek contributions to the Children's Future Education Endowment (the 'fund'), donations to which are invested to generate revenue to support the education of disadvantaged students through the provision of *Learning for Life* scholarships and education-focussed support for communities in need. This year the Company received a total of $0.7 million into the fund through donations from individuals (2022: $0.8 million). The closing balance of the fund at 30 June 2023 was 11.2 million (2022: $9.8 million).

Volunteering

Volunteers have continued to be important contributors to the achievement of our vision and mission. In 2023 volunteer time contributed was estimated to be 108,341 hours provided by 5,162 volunteers.

DIRECTORS' REPORT

4. Dividends

The Company is prohibited by its Constitution from declaring dividends to members.

5. Liability of Members

The membership of the Company is classified as follows:

(i)	Governing Members	25
(ii)	Life Members	21
(iii)	Family Members	60
	Total	**106**

Each member is liable to contribute a maximum of $1.00 towards the payment of the Company's debts and liabilities in the event that the Company is wound up while they are a member or within one year of their ceasing to be a member. The total liability of members is limited to $106 (2022: $114).

6. Review of Operations

The Company provides disadvantaged children, young people and their parents and carers with a range of educational support programs across key stages of their lives. Its flagship *Learning for Life* program provides targeted educational support to disadvantaged young Australians for the duration of their schooling. This support includes annual payments provided to their families to go towards their educational costs.

The *Learning for Life* program now supports almost 63,000 young Australians. The long-term nature of the program means the Company has an ongoing obligation to each of these young people and their families. The cost to support the 63,000 *Learning for Life* students is approximately $93 million per annum.

Revenue from continuing operations for the year increased by 6.7% to $155.8 million (2022: $145.9 million), principally as a result of an increase in fundraising revenue and interest revenue, partially offset by lower funding from Government sources.

During the year the Company continued to invest in the achievement of its Five-Year Strategy whilst managing its costs, particularly in response to the cost of living crisis. Total expenditure on community programs in support of its mission increased to $111.5 million (2022: $102.9 million).

The result from continuing operations for the year was a deficit of $3.36 million (2022: Surplus of $1.4 million), which led to a retained surplus in reserves of $90.6 million at 30 June 2023 (2022: $95.3 million).

The uncertainty and ongoing effects related to current economic conditions are expected to have a continuing impact on the children and families the Company supports, as well as on its funding base. The reserves of $90.6 million will help the Company to meet its long-term obligations to children and young people despite these challenges.

During the current reporting period, The Smith Family has undertaken a comprehensive internal review of the application of relevant industrial instruments to our employees. This review identified that some roles covered by the Social, Community, Home Care & Disability Services Industry Award (SCHADS) may not have been treated correctly. The initial investigation has indicated that some team members may have been paid incorrectly under this award. An independent expert has been appointed to confirm the number of current and former team members who are impacted. While this review is ongoing, an initial estimate of the costs to remediate potential underpayments as at 30 June 2023 has been calculated at $2.6 million and has been provided for in the financial statements.

Director	Experience	Special Responsibilities
C. Cawsey AM FACEL, BA Dip Ed, MEd Admin	Non-Executive Director since 2013; Principal of Rooty Hill High School since 1997, and a Past President of the NSW Secondary Principals' Council; former board member (2011-2021) and now life member of GWS Giants AFL Club; member of Teachers' Mutual Bank Educational Advisory Panel.	Member of the People & Culture Committee; Chair of the Principals Advisory Group
S.A. Davis	Non-Executive Director since 2016; Founding Director and past Chairman of Quantium, a global leader in data analytics, technology and AI (now owned by Woolworths); Director of Seaford Foundation; Director and investor at Greenbanks Tasmanian Whiskey; former Chairman and Director of peak marketing industry body ADMA; and active investor and advisor to a range of early stage, high growth tech ventures including Streem (media), ParaFlare (cyber security), Prospection (medtech).	
R.M. Garnon BEc/LLB FCA CTA GAICD	Non-Executive Director since 2019. Chair of the Board of Taxation and Alexium International Group Ltd; Deputy Chair of the Australian Council for the Arts; Non-Executive Director of Venues New South Wales, Australian Rail Track Corporation and; Resolution Life Australia. Former senior Partner with KPMG with over 29 years' experience in professional services. Member of Chief Executive Women.	Member of the Finance, Audit & Risk Committee and the Endowment Fund Committee

DIRECTORS' REPORT

M.G. Johnson BComm, FCA, CPA, FAICD	Non-executive Director since 2012; Non-executive Chairman and Director of The Hospitals Contribution Fund of Australia Ltd; Non-executive Director of Aurecon Group Pty Ltd, Boral Ltd, Goodman Ltd, Goodman Funds Management Ltd and Metcash Ltd; Sydney Airport; member of the UNSW Council and former member of the Board of Partners of Corrs Chambers Westgarth; former Non-executive Director of Coca-Cola Amatil Ltd, Westfield Corporation and HSBC Bank Australia; Chief Executive Officer of PwC in Australia from 2008–12, a former Chairman of the PwC Foundation, and for 15 years holding senior roles managing PwC's Assurance and Business Advisory Services, Consumer and Industrial Products team, and Audit, Technical, Risk and Quality groups; member of the UNSW Business School Advisory Council.	Chairman of the Finance, Audit & Risk Committee and the Endowment Fund Committee
A.J. Kloeden MSc (Business Studies), BSc (Hons - Forestry), Hon. Doctorate, FAICD	Non-executive Director since 2016; Chairman of Aquasure Pty Ltd; President Victorian Chamber of Commerce and Industry; Director of the Australian Chamber of Commerce and Industry; extensive experience in senior management roles in a range of companies in Australia and overseas involved in agribusiness, manufacturing, distribution, retail, technology and transport.	Chairman of the People & Culture Committee
J.C.R. Maycock BEng (Hons), FAICD, FIPENZ	Non-executive Director since 2013; Chairman of NSW Electricity Operations Group (Transgrid); former Chairman and Non-executive Director of AGL Energy Ltd, Port of Brisbane Pty Ltd and Arrium Ltd; former Non-executive Director, Nuplex Ltd; former Managing Director and CEO of CSR Ltd (2007-10); Inaugural Chairman, Cement Australia Pty Ltd; former Member, UNSW Business School Advisory Council.	Chairman of the Corporate Governance Committee
N.W. Moore HonDBus, LLB, BComm, FCA, AO	Chairman and Non-executive Director since November 2019; Chairman of Screen Australia, The Centre for Independent Studies, Willow Technology Corporation, Aldus Group and the National Catholic Education Commission; Chairman of the Markets Taskforce Expert Advisory Panel and the Financial Regulator Assessment Authority within the Department of Treasury; former Chairman of the Sydney Opera House and PCYC NSW; former Chief Executive Officer of Macquarie Group; member (and former Chairman) of the UNSW Business School Advisory Council.	Chairman of the Board; Member of the Finance, Audit & Risk Committee and Endowment Fund Committee
P.J. Radoll BInfoTech, MInfoTech, PhD	Non-executive Director since April 2019; Deputy Vice-Chancellor Indigenous, Equity and Inclusion at Victoria University. Formally Deputy Vice-Chancellor People & Organisation at Victoria University. Member of the Victorian Chamber of Commerce and Industry's Executive Council; Fellow of the Royal Society of NSW; Member of the Golden Key Society.	Member of the People & Culture Committee
D.D. Taylor BMin, BA (Hons), GradCertM, GAICD	Chief Executive Officer and Executive Director since 9 August 2021; former Deputy CEO, Uniting NSW & ACT; Chairperson, Warakirri College; Non-executive Director, Australian Centre for Social Innovation; member of the Centre for Social Impact Advisory Board and a Community Fellow with Western Sydney University.	Chief Executive Officer; Member of the Corporate Governance Committee and Endowment Fund Committee
Dr J.A. Harmer AO BA (Hons), Dip Ed, PhD, FAIM, FIPAA, FANZSOG	Non-executive Director since 2013; Director of the John James Foundation; former Secretary of the Department of Families, Housing, Community Services and Indigenous Affairs (2004-2011) and of the Department of Education, Science and Training (2003-2004); former Managing Director of the Health Insurance Commission (1998-2003).	Member of the Corporate Governance Committee

Tracy Jane Unwin (B.Comm. LLB, GAICD, GIA (Affiliated)) was appointed as Company Secretary of The Smith Family on 12 July 2023. B.M. Watkinson retired as Company Secretary of The Smith Family on 12 July 2023.

DIRECTORS' REPORT

8. Directors' Meetings

The number of directors' meetings held in the period each director held office during the financial year and the number of meetings attended by each director are:

Director	Board of Directors		Corporate Governance		Finance, Audit and Risk		People and Culture		Endowment Fund	
	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
C. Cawsey	4	4					2	2		
S.A. Davis	6	4								
J.A. Harmer	6	6	2	2						
R.M. Garnon	6	5			4	4			1	1
M.G. Johnson	6	4			4	4			1	1
A.J. Kloeden	6	4					2	2		
J.C.R. Maycock	6	5	2	2						
N.W. Moore	6	6			4	2			1	1
P.J. Radoll	6	5					2	2		
D.D. Taylor	6	6	2	2					1	1

9. Events Subsequent to Balance Date

Other than as disclosed elsewhere in this report, no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

(a) the Company's operations in future financial years; or

(b) the results of those operations in future financial years; or

(c) the Company's state of affairs in future financial years.

10. Significant Changes in the State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year not otherwise disclosed in the financial report.

DIRECTORS' REPORT

11. Likely Developments

In the opinion of the directors, there are no likely changes in the operations of the Company which will adversely affect the results of the Company in subsequent financial years.

12. Environmental Regulation

The Company has complied with all relevant environmental requirements.

13. Indemnification and Insurance of Directors and Officers

The Company has a Directors' and Officers' Liability policy covering each of the directors and certain executive officers for liabilities incurred in the performance of their duties. The premiums in respect of the policy are payable by the Company. The terms of the policy specifically prohibit the disclosure of any other details relating to the policy and therefore the directors do not intend disclosing further particulars relating thereto.

14. Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to Ernst & Young under this indemnity during the year ended 30 June 2023.

15. Auditors' Independence Declaration

A copy of the auditors' independence declaration is set out on Page 6.

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

For and on behalf of the Board

N.W. Moore
Chairman

Sydney
16 October 2023

Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor’s Independence Declaration to the Directors of The Smith Family

In relation to our audit of the financial report of The Smith Family for the financial year ended 30 June 2023, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and

b. No non-audit services provided that contravene any applicable code of professional conduct.

Ernst & Young

Yvonne Barnikel
Partner
16 October 2023

THE SMITH FAMILY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Revenue			
Fundraising	2(d)(i); 5	133,537	125,677
Government funding	2(d)(iv); 5	18,886	19,824
Revenue from sale of commercial goods	2(d)(ii); 5	28	52
Interest revenue	2(d)(iii); 5	3,304	433
	5	155,755	145,986
Other Income			
Other income	6	1,614	(92)
Net gain / (loss) on disposal of fixed assets	6	4	(29)
	6	1,618	(121)
Total		157,373	145,865
Expenses			
Community Programs	2(e)	111,457	102,943
Commercial expenses		5	18
Fundraising		33,779	28,523
Promotion		7,036	6,359
VIEW Clubs		3,607	3,198
Shared Services		4,844	3,424
Total Expenses		160,728	144,465
(Deficit)/Surplus before income tax		(3,355)	1,400
Income tax expense	2(g)	-	-
Net (Deficit)/Surplus for the year from continuing operations		(3,355)	1,400
Other Comprehensive Income			
Net fair value gain / (loss)		219	(961)
Income tax on items of other comprehensive income for the year		-	-
Total Comprehensive Income		(3,136)	439

THE SMITH FAMILY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	2(j), 8	35,650	54,274
Other financial assets	2(j), 8	70,931	50,164
Receivables	2(k), 9	3,684	2,250
Inventories	2(l), 10	103	174
Total current assets		110,368	106,862
Non-current assets			
Other financial assets	2(j), 8	10,000	7,757
Financial assets	2(m)(i), 11	13,959	12,295
Property, plant and equipment	2(o), 12	2,108	1,626
Right-of-use assets	2(h), 18(a)	8,506	10,433
Intangible assets	2(p), 13	73	191
Total non-current assets		34,646	32,302
Total assets		145,014	139,164
Liabilities			
Current liabilities			
Payables	2(q), 14	5,055	4,409
Provisions	2(r, s), 15	11,255	8,456
Other	2(d)(iv), 16	17,062	10,080
Lease Liability	2(h), 18(b)	1,808	1,882
Total current liabilities		35,180	24,827
Non-current liabilities			
Provisions	2(r, s), 17	1,866	1,635
Lease Liability	2(h), 18(b)	7,272	8,870
Total non-current liabilities		9,138	10,505
Total liabilities		44,318	35,332
Net assets		100,696	103,832
Accumulated funds			
Retained surplus	19(a)	90,583	95,338
Endowment fund reserve	19(b)	9,930	8,530
Investment revaluation reserve	19(c)	183	(36)
Total accumulated funds		100,696	103,832

THE SMITH FAMILY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Retained Surplus $'000	Endowment Fund Reserve $'000 (Note 2(u))	Investment Revaluation Reserve $'000	Total Accumulated Funds $'000
As at 1 July 2021	93,615	8,853	925	103,393
Surplus for the year	1,723	(323)	-	1,400
Other comprehensive income/(loss) - revaluation	-	-	(961)	(961)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-
Total comprehensive income/(loss)	1,723	(323)	(961)	439
As at 30 June 2022	95,338	8,530	(36)	103,832
Year ended 30 June 2022				
As at 1 July 2022	95,338	8,530	(36)	103,832
(Deficit)/Surplus for the year	(4,755)	1,400	-	(3,355)
Other comprehensive income/(loss) - revaluation	-	-	219	219
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-
Total comprehensive income/(loss)	(4,755)	1,400	219	(3,136)
As at 30 June 2023	90,583	9,930	183	100,696

THE SMITH FAMILY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from fundraising and government funding		171,392	160,395
Receipts from sale of commercial goods		28	52
Payments to suppliers, employees and for client assistance		(165,114)	(150,990)
Net cash inflow from operating activities		6,306	9,457
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(1,170)	(1,006)
Payments for Investments (Term Deposits)		(23,010)	(21,741)
Proceeds from disposal of financial assets		166	705
Interest received		1,786	455
Purchase of financial assets		(439)	(715)
Dividends received		511	161
Net cash (outflow) from investing activities		(22,156)	(22,141)
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(2,399)	(1,206)
Interest paid		(374)	(175)
Net cash (outflow) from financing activities		(2,773)	(1,381)
Net (decrease) in cash and cash equivalents		(18,623)	(14,065)
Cash and cash equivalents at the beginning of the financial year	2(j)	54,274	68,339
Cash and cash equivalents at the end of the financial year	8(a)	35,651	54,274

1 Corporate information

The financial report of The Smith Family (the Company) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on XX September 2023.

The Smith Family is a company limited by guarantee, incorporated and domiciled in Australia.

The nature of the operations and principal activities of The Smith Family are described in the Directors' Report.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-Profits Commission, and comply with other requirements of the law. The financial report has also been prepared on an historical cost basis, except for financial assets and liabilities, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards. Some Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements, including Australian Accounting Standards AASB 102 *Inventories* , AASB 116 *Property, Plant and Equipment* , AASB 136 *Impairment of Assets* and AASB 1004 *Contributions* .

(c) Foreign currency translation

(i) Functional and presentation currency
The financial statements are presented in Australian dollars, which is also the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

(d) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable and satisfaction of performance obligations has occurred by transfer of good or service. For donations, revenue recognition occurs when control is gained of the donated asset. The following specific recognition criteria must also be met before revenue is recognised:

(i) Fundraising revenue

Fundraising revenue (with the exception of the value of donated goods and services and revenue from Government tied to future program expenditure) and revenue from VIEW Clubs is recognised generally when the cash is received. The majority of fundraising revenue does not meet the enforceability and the ‘sufficiently specific’ criteria under AASB 15 and therefore is recognised as income once the Company controls the relevant asset under AASB 1058. Bequests of shares and other securities are brought to account at their values on the date of receipt. Accruals are made for donations which are received before but banked after the year-end.

(ii) Sales revenue

Revenue from sales of commercial goods represents revenue earned from the sale of commercial products, net of returns, trade allowances and duties and taxes paid, arising from sales of general merchandise.

A sale is recorded when goods have been dispatched to a customer pursuant to a sales order and the associated risks have been passed to the carrier or customer.

(iii) Interest Revenue

Where the interest rate is fixed, revenue is recognised as interest accrues. Where the interest rate is variable and the amount of interest cannot reliably be estimated, revenue is recognised as interest is received.

(iv) Government revenue

Government grants are recognised as revenue within the scope of AASB 1058 when grant contracts are not enforceable or the performance obligations are not sufficiently specific. In cases where there is an ‘enforceable’ contract with a customer with ‘sufficiently specific’ performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

Management judgement is required in determining how each government grant should be classified under either AASB 1058 or AASB 15.

Government subsidies are recognised as revenue within the scope of AASB 1058 when it is reasonably assured that the subsidy will be received.

(v) Dividends

Dividends on listed shares are recognised when funds are received.

Government funding relating to operating costs is deferred and recognised in the statement of comprehensive income over the period necessary to match it with the costs that it is intended to compensate.

Government funding relating to the purchase of property, plant and equipment is included in non-current liabilities as deferred income and is credited to the statement of comprehensive income on a straight line basis over the expected lives of the related assets.

(vi) Volunteer Services

The Company regularly receives volunteer services as part of its operations. Under AASB 1058, private sector not-for-profit entities have a policy option to account for donated services at fair value if the fair value can be reliably measured. While the Company has assessed that the fair value of its volunteer services can be reliably measured, it has decided to adopt the policy option not to recognise volunteer services. Accordingly, no amounts are recognised in the financial statements for volunteer services.

(e) Community Programs expenditure

Community Programs expenditure includes direct scholarship and other assistance to students and their families, the cost of personal support attributable to the programs, payments to community partners for contracted services, the cost of research and advocacy and an allocation of overhead costs by way of an administration charge.

(f) Repairs and maintenance

Certain plant of the Company is required to be overhauled on a regular basis. This is managed as part of an ongoing cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a key component of an asset, in which case the costs are capitalised and depreciated in accordance with note 2(o). Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

(g) Income tax

The Smith Family is a public benevolent institution and as such is exempt from the payment of income tax.

2 Summary of significant accounting policies (continued)

(h) Leases (as lessee)

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated as the shorter of either a straight-line basis over the lease term or the estimated useful life. Refer to note 18(d) for information on useful lives by asset category. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2 (i).

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(i) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that any asset or cash generating unit (collectively "asset") may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

(j) Cash and cash equivalents, other financial assets

The Company's cash and cash equivalents are measured at amortised cost, and comprise cash at banks and on hand, and short-term deposits with a maturity of three months or less.

Other financial assets in the statement of financial position comprise long-term deposits with a maturity of more than three months. These deposits are readily convertible to cash without significant penalty.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and other financial assets as defined above, net of outstanding bank overdrafts.

(k) Trade receivables

Trade receivables are measured at amortised cost (and are not designated as fair value through profit or loss) as the objective is to hold them and collect contractual cash flows, and the contractual terms of the receivables give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Company makes use of a simplified approach in accounting for trade receivables, where the loss allowance is recorded at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. Impairment of trade receivables is presented within other expenses.

Trade receivables generally are interest free and have 30-60 day terms.

(l) Inventories

Other than donated inventories held for distribution, inventories are valued at the lower of cost and current replacement cost.

Finished goods

Costs are assigned to individual items of inventory on the basis of the first in first out method of stock costing. Replacement cost is the estimated cost of replacement in the ordinary course of business.

Donated inventories held for distribution

As part of its operations, the Company receives donations of goods which may then be used in its activities. AASB 102 requires the donated inventories to be measured at current replacement cost and any related amounts to be accounted for under AASB 1058. Donated goods held for distribution are stated at their estimated current replacement cost at the date of acquisition, adjusted when applicable for any loss of service potential.

(m) Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs and other income.

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition: fair value through profit or loss (FVTPL), or equity instruments at fair value through other comprehensive income (FVOCI).

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

(i) Financial assets at fair value through profit or loss (FVTPL)

Financial assets other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. These assets include both listed and unlisted equity investments.

(ii) Equity instruments at fair value through other comprehensive income (FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss statement unless the dividend clearly represents return of capital. This category includes certain listed equity investments.

Recognition and de-recognition

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase or sell the asset. Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are de-recognised when the right to receive cash flows from the financial assets have expired or when the entity transfers substantially all the risks and rewards of the financial assets.

2 Summary of significant accounting policies (continued)

Impairment

The company assesses, on each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has had an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(n) Assets and liabilities classified as held for sale

Assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

(o) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation, subject to note 2(n). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Land is not depreciated. Except as noted below, depreciation on other assets is calculated using the straight line method to allocate their cost or revalue amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings	33.33 years
- Plant and equipment	3 - 10 years
- Vehicles	5 years
- Furniture, fittings and other equipment	3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

(p) Intangible assets

The Company has purchased computer software, and developed certain computer software to enhance its business using both internal and external resources. The costs of these purchases and developments are capitalised and amortised over the useful life of the software, which is normally taken to be 3 to 5 years.

(q) Financial liabilities

The Company's financial liabilities include trade and other payables.

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which were unpaid on the reporting date. The amounts are unsecured, interest free and usually paid within 30 days of recognition.

(r) Provisions

Provisions for legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Except as otherwise noted, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation on the reporting date. Subsequent adjustments to the provisions due to the passage of time are recognised as interest expenses.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(s) Employee benefits

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits 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 government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented as operating cash flow.

(u) Endowment Fund

The Children's Future Education Endowment (referred to in the Financial Statements as the Endowment Fund or the Fund) comprises monies donated or bequeathed to the Company for long-term investment which will generate revenue to support the education of disadvantaged students through the provision of *Learning for Life* scholarships and education-focussed support for individuals and communities in need. The Company may, at its discretion, transfer additional monies to the Fund from time to time. The balance of the Fund is separately invested in a specific investment portfolio. The revenue for the Fund for the year includes donations, bequests and income from investments, net of associated expenses. Gains or losses on revaluation of the investment portfolio are recorded in the profit and loss.

2 Summary of significant accounting policies (continued)

(v) New accounting standards and interpretations

There have been a number of new accounting standards and interpretations which became applicable during the financial year. None of these have had a material impact on the results or financial position of The Smith Family.

3 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by a central finance department (Finance) under policies approved by the Board of Directors. Finance identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

	Note	2023 $'000	2022 $'000
Financial Assets			
Current assets			
Cash and cash equivalents	8	35,650	54,274
Other financial assets	8	70,931	50,164
Trade and other receivables	9	3,684	2,250
Non-current assets			
Other financial assets	8	10,000	7,757
Financial assets	11	13,959	12,295
		134,224	126,740
Financial liabilities			
Current liabilities			
Trade and other payables	14	5,055	4,409

3 Financial risk management objectives and policies (continued)

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Company's exposure to foreign currency risk at the reporting date was $nil (2022: $nil):

(ii) Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified on the statement of financial position either as FVTPL or FVOCI. The Company is not exposed to commodity price risk.

To manage the Company's price risk arising from investments in equity securities, the Company diversifies the Company's portfolio in accordance with limits set by the Company's Investment Policy and Mandate. The majority of the Company's equity investments are readily saleable.

At reporting date the Company had $14 million (2022: $12.3 million) in financial assets. Equity would further increase / decrease as a result of gains / losses on equity securities and managed funds classified as either FVTPL or FVOCI.

(iii) Interest rate risk

The Company's finance costs and operating cash flows are not materially exposed to changes in market interest rates. As at the reporting date the Company had no borrowings. The Company’s investments in term deposits all pay fixed interest rates. Based on the balances held in interest bearing bank accounts on the reporting date, the Company's surplus for the year would have been $162,975 higher / $162,975 lower (2022:$265,441 higher / $265,441 lower) had the interest rates increased / decreased up to 0.5%.

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and committed transactions. For banks and financial institutions only independently rated parties with a minimum Standard and Poor's rating of 'A-' are accepted. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Individual risk limits are set based on internal ratings and these are regularly monitored by management.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised above. Under certain circumstances the Company may retain title over goods sold until full payment is received. The Company may obtain security in the form of letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The Company may also take trade finance insurance cover for transactions in certain export markets.

(c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding from its fundraising activities and its operating expenditure.

(d) Fair value hierarchy table

The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 - the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Year ended 30 June 2023			Total	Year ended 30 June 2022			Total
	Quoted market price (Level 1)	**Valuation technique - market observable inputs (Level 2)**	**Valuation technique - non market observable inputs (Level 3)**		**Quoted market price (Level 1)**	**Valuation technique - market observable inputs (Level 2)**	**Valuation technique - non market observable inputs (Level 3)**	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets								
Investments								
Listed investments	5,408	-	-	5,408	4,736	-	-	4,736
Unlisted investments	-	8,551	-	8,551	-	7,559	-	7,559
	5,408	8,551	-	13,959	4,736	7,559	-	12,295

Quoted market price presents fair value based on quoted prices in active markets as at the reporting date, without any deduction for transaction costs.

4 Critical 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. Estimates and judgements are continually evaluated in relation to assets, liabilities, contingent liabilities, revenue and expenses, and are based on historical experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. The estimates and judgements form the basis of the carrying values of assets and liabilities which are not readily apparent from other sources.

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. There are no estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Significant accounting judgements

Impairment of non-financial assets

The Company assesses at each reporting date whether there is objective evidence that any significant non-financial asset or group of non-financial assets is impaired by evaluating conditions specific to the Company and to the particular asset or group of assets which may lead to impairment. These include financial performance, technology, the economic environment and future expectations. Certain assets have been tested for impairment and management considers that there are no impairment triggers which might require the value of those assets to be determined.

Impairment of financial assets

The Company holds a number of financial assets and follows the requirements of AASB 9*: Financial Instruments* in determining when a financial asset is impaired. In determining the amount of impairment, judgements are made in identifying financial assets whose decline in fair value below cost is considered significant and prolonged. A significant decline is based on the historical volatility of the share price. A prolonged decline is based on the length of time over which the share price has been depressed below cost. For the year ended 30 June 2023 the Company has determined that there are no financial assets considered impaired (2022: no impairment loss).

Valuation of unlisted investments

The Company’s financial assets include a portfolio of unlisted investments in managed funds managed by external investment managers. In accordance with the Company’s accounting policies, these unlisted investments are measured at FVTPL. The Company generally values its interests in the managed funds using the valuation provided by the external investment manager. For the year ended 30 June 2023 the Company considers the valuation methodology adopted by the relevant investment manager as appropriate.

4 Critical accounting judgements, estimates and assumptions (continued)

(ii) Significant accounting estimates and assumptions

Revenue recognition

To determine if a grant contract should be accounted for under AASB 1058 or AASB 15, the Company has to determine if the contract is ‘enforceable’ and contains ‘sufficiently specific’ performance obligations. When assessing if the performance obligations are ‘sufficiently specific’, the Company has applied significant judgement in this regard by performing a detailed analysis of the terms and conditions contained in the grant contracts, review of accompanying documentation (e.g. work plans) and holding discussions with relevant parties. Income recognition from grants received by the Company has been appropriately accounted for under AASB 1058 or AASB 15 based on the assessment performed.

Make-good provisions

A provision has been made for the present value of anticipated costs of future restoration of leased premises. Principally these estimated costs relate to the removal of office fitouts and repair and redecoration of office premises. The provision recognised for each site is reviewed periodically and changes are recognised through the statement of financial position by adjusting both the expense and provision. The related carrying amounts are disclosed in Note 15 and Note 17.

Employee benefits

The liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured as the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account. Where any remediation is required for entitlements due as at the balance sheet date, a best estimate of those entitlements has been included in the financial statements.

Deferred government funding

The liability for deferred government funding is recognised on cash receipts from government funders and released to revenue in subsequent accounting periods based on the different conditions specified in each agreement. In determining the value of deferred government funding, expected costs based on best estimate have been taken into account.

Leases - Incremental borrowing rate

The Company cannot readily determine the interest rate implicit in its leases, and therefore uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and makes certain entity-specific estimates.

		Note	2023 $'000	2022 $'000
5	**Revenue**			
	Fundraising	2(d)(i)		
	Individuals - donations and sponsorships		92,342	86,946
	Bequests		10,925	9,462
	Organisations		22,049	21,999
	Communities		3,083	2,712
	VIEW Clubs		5,138	4,558
			133,537	125,677
	Government funding	2(d)(iv)	18,886	19,824
	Revenue from sale of commercial goods	2(d)(ii)	28	52
	Interest revenue	2(d)(iii)	3,304	433
	Total revenue		155,755	145,986
6	**Other Income**			
	Rental income, dividends and third party contributions to programs		1,134	931
	Gain/(loss) from financial assets at FVTPL		480	(1,023)
	Net (loss)/gain on disposal of property, plant and equipment		4	(29)
	Total other income		1,618	(121)
7	**Expenses**			
	Surplus before income tax includes the following specific expenses:			
	Depreciation relating to property, plant and equipment			
	Buildings		39	39
	Plant and equipment		527	444
	Leasehold improvements and make-good provision		123	112
	Total depreciation relating to property, plant and equipment		689	595
	Depreciation relating to right-of-use assets			
	Right-of-use assets		2,188	1,153
	Total depreciation relating to right-of-use assets		2,188	1,153
	Amortisation			
	Intangibles		118	121
	Total amortisation		118	121
	Finance costs			
	Interest charges relating to lease liabilities		374	175
	Total finance costs recognised in the surplus before income tax for the year		374	175
	Employee expenses			
	Employee expenses excluding superannuation		68,710	59,254
	Superannuation contribution expense		6,929	5,735
	Total employee expenses recognised in the surplus before income tax for the year		75,639	64,989

		Note	2023 $'000	2022 $'000
8	**Cash, cash equivalents and other financial assets**			
	Cash at bank and on hand	8(b)	22,900	20,049
	Deposits at call	8(c)	12,750	34,225
	Total cash and cash equivalents		35,650	54,274
	Term deposits - current	8(c)	70,931	50,164
	Term deposits - non-current	8(c)	10,000	7,757
	Total other financial assets		80,931	57,921
		2(j)	116,581	112,195

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Note	2023 $'000	2022 $'000
Balances as above		116,581	112,195
Term Deposits		(80,931)	(57,921)
Balances per statement of cash flows	2(j)	35,650	54,274

(b) Cash at bank and on hand

Cash at bank is held at prevailing bank interest rates. Cash on hand is non interest bearing.

(c) Deposits at call and term deposits

The deposits are bearing fixed interest rates between 0.3% and 5.44% (2022: 0.15% and 3.70%). Fixed term deposits have an average maturity of 306 days (2022: 195 days).

(d) Interest rate exposure

The Company's exposure to interest rate risk is discussed in Note 3.

9 Current assets - Receivables

	Note	2023 $'000	2022 $'000
Trade receivables		-	118
Expected credit loss		-	-
		-	118
Other receivables	9(c)	1,296	1,251
GST receivable	9(d)	-	88
		1,296	1,339
Interest receivable		1,668	150
Prepayments		720	643
	2(k)	3,684	2,250

(a) Expected credit losses from trade receivables

As at 30 June 2023 current trade receivables with a nominal value of $nil (2022: $0.1m) had no expected credit losses.

The Company had no material losses in respect of expected credit losses from trade receivables during the year ended 30 June 2023.

(b) Past due but no expected credit losses

As of 30 June 2023, trade debtors with a nominal value of $nil (2022: $nil) were past due but had no expected credit losses.

(c) Other receivables

These amounts include transactions relating to donations and government subsidies received but not receipted by year-end.

(d) GST receivable

These amounts relate to the GST receivable at the balance date.

	Note	2023 $'000	2022 $'000

10 Current assets - Inventories

	Note	2023 $'000	2022 $'000
Finished goods at cost		103	174
Donated inventories held for distribution at replacement cost		-	-
	2(l)	103	174

11 Non-current assets - Financial assets

	Note	2023 $'000	2022 $'000
Equity securities - listed		5,408	4,736
Unlisted securities in investment funds		8,551	7,559
	3(d)	13,959	12,295

Financial Assets

	2023 $'000	2022 $'000
Financial assets at fair value through other comprehensive income (FVOCI)	2,342	2,122
Financial assets at fair value through profit or loss (FVTPL)	11,617	10,173
	13,959	12,295

Impairment and risk exposure

None of the financial assets are impaired.

All financial assets are denominated in Australian currency. An analysis of the sensitivity of these assets to price and interest rate risk is provided in Note 3.

The above assets were allocated as follows:

	2023 $'000	2022 $'000
Restricted funds (representing the financial assets of the Children's Future Education Endowment)	11,159	9,762
Unrestricted funds	2,800	2,533
	13,959	12,295

12 Non-current assets - Property, plant and equipment

	Lease Make Good $'000	Freehold buildings $'000	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
At 30 June 2021					
Cost	414	1,792	3,121	706	6,033
Accumulated depreciation	(414)	(1,350)	(2,676)	(346)	(4,786)
Net carrying amount	-	442	445	360	1,247
Year ended 30 June 2022					
Opening net book amount	-	442	445	360	1,247
Additions	3	-	715	287	1,005
Disposals	-	-	(25)	(6)	(31)
Depreciation charge	(3)	(39)	(444)	(109)	(595)
Closing net carrying amount	-	403	691	532	1,626
At 30 June 2022					
Cost	417	1,792	3,432	976	6,617
Accumulated depreciation	(417)	(1,389)	(2,741)	(444)	(4,991)
Net carrying amount	-	403	691	532	1,626
Year ended 30 June 2023					
Opening net book amount	-	403	691	532	1,626
Additions	-	-	1,171	-	1,171
Disposals	-	-	-	-	-
Depreciation charge	-	(39)	(527)	(123)	(689)
Closing net carrying amount	-	364	1,335	409	2,108
At 30 June 2023					
Cost	417	1,792	4,603	976	7,788
Accumulated depreciation	(417)	(1,428)	(3,268)	(567)	(5,680)
Net carrying amount	-	364	1,335	409	2,108

	Note	2023 $'000	2022 $'000

13 Non-current assets - Intangible assets

Software purchase and development costs

	Note	2023 $'000	2022 $'000
At 1 July			
Cost		2,147	4,099
Accumulated amortisation		(1,956)	(3,787)
Net carrying amount		191	312
Movement in intangible assets			
Opening net book amount		191	312
Transfers from work in progress		-	-
Disposals		-	-
Amortisation charge		(118)	(121)
Closing net carrying amount		73	191
At 30 June			
Cost		644	2,147
Accumulated amortisation		(571)	(1,956)
Net carrying amount		73	191

14 Current liabilities - Payables

	Note	2023 $'000	2022 $'000
Trade creditors		353	-
Other creditors		4,387	4,409
GST payable		315	-
	2(q)	5,055	4,409

15 Current liabilities - Provisions

	Note	2023 $'000	2022 $'000
Employee benefits	2(r,s)	8,531	8,383
Other Provisions		2,600	-
Make-good provision	2(r)	124	73
		11,255	8,456

(a) Make-good provision

The Company has entered into leases of property, the terms of which include restoration requirements at the end of the lease periods. The costs of restoration have been estimated by management and to the extent that they relate to leases which expire in the next financial year the costs are recognised as current liabilities.

(b) Movements in provisions

Movements in each class of provision during the financial year other than employee benefits are set out below:

Make-good provision

	2023 $'000	2022 $'000
Carrying amount at the start of the year	73	233
Additional / (Reduced) provisions recognised	51	(160)
Carrying amount at the end of the year	124	73

(c) Amounts not expected to be settled within the next 12 months

The current provisions for annual and long service leave include all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current since the Company does not have a right to defer settlement.

Under present Company policy it is a requirement that individual annual leave balances remain at or below one year's accrued entitlement. As a result, the annual leave provision is treated as current. However, based on past experience the Company does not expect all employees to take the full amount accrued for long service leave within the next 12 months. The following amounts reflect long service leave which is not expected to be taken or paid within the next 12 months.

	2023 $'000	2022 $'000
Long service leave obligation expected to be settled after 12 months	2,649	2,530

(d) Remuneration Review

The Smith Family has recently undertaken a comprehensive internal review of the application of relevant industrial instruments to our employees. This review identified that some roles covered by the Social, Community, Home Care & Disability Services Industry Award (SCHADS) may not have been treated correctly. The initial investigation has indicated that some team members may have been paid incorrectly under this award. An independent expert has been appointed to confirm the number of current and former team members who are impacted. While this review is ongoing, an initial estimate of the costs to remediate potential underpayments as at 30 June 2023 has been calculated at $2.6 million and has been provided for in the financial statements. This provision includes superannuation and interest. This provision does not include project or consultant costs associated with completing the anticipated remediation

	Note	2023 $'000	2022 $'000

16 Current liabilities - Other

Unexpended funding has been carried forward as follows:

Current (unsecured)

	Note	2023 $'000	2022 $'000
Revenue / funding received in advance		-	99
Deferred government funding		17,062	9,981
	2(d)(iv)	17,062	10,080

17 Non-current liabilities - Provisions

	Note	2023 $'000	2022 $'000
Employee benefits	2(r,s)	1,577	1,291
Make-good provision		289	344
		1,866	1,635

(a) Make-good provision

The Company has entered into leases of property, the terms of which include restoration requirements at the end of the lease periods. The costs of restoration have been estimated by management and to the extent that they relate to leases which expire after the next financial year the costs are recognised as non-current liabilities.

(b) Movements in provisions

Movements in each class of provision during the financial year other than employee benefits are set out below:

Make-good provision

	2023 $'000	2022 $'000
Carrying amount at the start of the year	344	181
Additional /(Reduced) provisions recognised	(55)	163
Carrying amount at the end of the year	289	344

18 Leases

		Note	2023 $'000	2022 $'000
(a)	*Right-of-use assets*			
	Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:			
	Cost			
	As at 1 July		12,991	4,852
	Additions		300	8,346
	Disposals		(360)	(207)
	As at 30 June		12,931	12,991
	Accumulated depreciation			
	As at 1 July		2,558	1,601
	Depreciation charge for the year		2,188	1,153
	Disposals		(321)	(196)
	As at 30 June		4,425	2,558
	Net carrying amount			
	As at 30 June		8,506	10,433
(b)	*Lease liabilities*			
	Analysed as:			
	Current	2(h)	1,808	1,882
	Non-current	2(h)	7,272	8,870
			9,080	10,752
(c)	*Amounts recognised in profit and loss*			
	The following are the amounts recognised in profit or loss:			
	Depreciation expense of right-of-use assets		2,188	1,153
	Interest expense on lease liabilities		374	175
	Expense relating to short-term leases		230	136
	Total amount recognised in profit or loss		2,792	1,464
(d)	*Amounts recognised in cash flow*			
	The following are the amounts recognised in cash flow from operating activities:			
	Cash outflow for leases		224	920
			224	920

The Company leases several building assets used in its operations. Leases of buildings generally have lease terms between 1 and 8 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

		2023 $'000	2022 $'000
(e)	*Presented below is a maturity analysis of future lease payments:*		
	Within 1 year	1,893	2,179
	Later than 1 year and not later than 5 years	5,564	5,987
	Later than 5 years	1,116	2,271
		8,573	10,437

		Note	2023 $'000	2022 $'000

19 Reserves and retained surplus

(a) Movements in the retained surplus were as follows:

	Note	2023 $'000	2022 $'000
Balance at the beginning of the year		95,338	93,615
(Deficit)/Surplus for the year		(4,755)	1,723
Transfer between reserves		-	-
Balance at the end of the year		90,583	95,338

(b) Movements in the Endowment Fund reserve were as follows:

	Note	2023 $'000	2022 $'000
Balance at the beginning of the year		8,530	8,853
Increase/(decrease) in value of the Endowment Fund reserve for the year		1,400	(323)
Balance at the end of the year	2(u)	9,930	8,530

(c) Movements in the investment revaluation reserve were as follows:

	Note	2023 $'000	2022 $'000
Balance at the beginning of the year		(36)	925
Increase/(decrease) in value of the investment revaluation reserve for the year		219	(961)
Transfer between reserves		-	-
Balance at the end of the year		183	(36)

20 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company, and its related practices:

Assurance services

Audit services

Ernst & Young Australia	2023 $	2022 $
Audit	110,000	103,416
Audit of regulatory returns	-	2,650
Tax consulting services	-	-
Total remuneration for audit services	110,000	106,066

21 Contingent liabilities

Contingent liabilities

The Company had no contingent liabilities at 30 June 2023 and at the date of this report.

Guarantees

The Company had provided the following guarantees relating to leased premises at 30 June 2023:

- bank guarantees to a total amount of $1,769,274 (2022: $2,089,914)

22 Commitments

Property, plant and equipment commitments

Commitments in relation to capital expenditure contracted for the year ended 30 June 2023: $nil (2022: $nil)

23 Related party transactions

(a) Directors

The names of persons who were directors of the Company at any time during the financial year and up until the date of this report are as follows: C. Cawsey, S.A. Davis, J.A. Harmer, R.M. Garnon, M.G. Johnson, A.J. Kloeden, J.C.R. Maycock, N.W. Moore, P.J. Radoll, D.D. Taylor.

D.D. Taylor was appointed as a Director of the Company on 9 August 2021.

(b) Key management and personnel compensation

Key management personnel compensation for the years ended 30 June 2023 and 2022 is set out below. The key management personnel are:

- all the directors of the Company (none of whom was paid with the exception of D.D. Taylor, who held office as a director in his role as Chief Executive Officer), and
- Ten (2022: Nine) other executives with the greatest authority for the strategic direction and management of the Company.

	Short term benefits $	Post employ-ment benefits $	Other long term benefits $	Termin-ation benefits $	Total $
2023	2,382,048	227,393	-	-	2,609,441
2022	2,329,184	202,424	-	-	2,531,608

	Note	2023 $'000	2022 $'000

24 Reconciliation of surplus after income tax to net cash inflow/(outflow) from operating activitie

	2023 $'000	2022 $'000
Net surplus for the year from continuing operations	(3,355)	1,400
Depreciation and amortisation	2,995	1,870
Loss/(gain) on disposal of property, plant and equipment	(4)	29
Shares received from bequests	(65)	(36)
Interest income	(3,304)	(433)
Lease related interest	374	175
Dividends and distributions	(917)	(588)
(Increase)/decrease in receivables	84	(153)
Decrease in inventories	71	787
(Increase)/decrease in financial assets at FVTPL and FVOCI	(486)	1,001
Increase in right-of-use assets and lease liabilities	255	54
Increase/(decrease) in trade and other creditors	646	(70)
Increase in other operating liabilities	6,982	3,535
Decrease in provisions	3,030	1,887
Net cash inflow/(outflow) from operating activities	6,306	9,457

25 Events after balance date

There have been no significant events occurring after balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

26 Income and expenditure - Fundraising Appeals

This disclosure is made under the NSW Charitable Fundraising Act (1991).

(i) Details of aggregate gross income and total expenses of Fundraising Appeals

	2023 $'000	2022 $'000
Gross proceeds of Fundraising Appeals (as defined in the Act)	117,464	111,632
Costs of Fundraising Appeals	(33,779)	(28,523)
Net surplus obtained from Fundraising Appeals	83,685	83,109

(ii) Statement showing how funds and goods received were applied to charitable

	2023 $'000	2022 $'000
Net surplus obtained from Fundraising Appeals	83,685	83,109
This was applied to the charitable purposes in the following manner:		
Cash payments to beneficiaries	34,214	33,513
Personal support to beneficiaries	73,027	64,573
Community Programs research, development and administration	4,216	4,857
	111,457	102,943

(iii) Fundraising Appeals conducted during the financial year

	2023 $'000	2022 $'000
Donations from individuals	92,342	86,946
Corporate, trust and university donations	22,049	21,999
Events	3,073	2,687
	117,464	111,632

(iv) Comparisons of certain monetary figures and percentages

The following figures and percentages exclude sales revenue and expenditure on commercial activities.

	2023 $'000	2022 $'000	2023 %	2022 %
Total cost of fundraising appeals /	33,779	28,523	28.8%	25.6%
Gross income from fundraising appeals	117,464	111,632		
Net surplus from fundraising appeals /	83,685	83,109	71.2%	74.4%
Gross income from fundraising appeals	117,464	111,632		
Total cost of assistance to clients /	111,457	102,943	69.3%	71.3%
Total expenditure	160,723	144,448		
Total cost of assistance to clients /	111,457	102,943	70.8%	70.6%
Total income received	157,344	145,814		

THE SMITH FAMILY
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of The Smith Family, I 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 position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013;*

(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.

On behalf of the Board

N.W. Moore
Chairman

Sydney
16 October 2023

THE SMITH FAMILY
DECLARATION UNDER THE CHARITABLE FUNDRAISING ACT 1991

In accordance with a resolution of the directors of The Smith Family I state that:

- (i) the Statement of Profit and Loss and Other Comprehensive Income gives a true and fair view of the all income and expenditure of the organisation with respect to fundraising appeals;
- (ii) the Statement of Financial Position gives a true and fair view of the state of affairs of the organisation with respect to fundraising appeals;
- (iii) the financial report and associated records of the Company have been properly kept during the year ended 30 June 2023 in accordance with the provisions of the *Charitable Fundraising Act 1991,* the regulations under the Act and the conditions attached to organisation's authority; and
- (iv) the internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

On behalf of the Board

N.W. Moore
Chairman

Sydney
16 October 2023

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of The Smith Family

Report on the financial report

Opinion

We have audited the financial report of The Smith Family (the Company), which comprises the statement of financial position as at 30 June 2023, 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, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a. Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 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 Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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 the 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 and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such

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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.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulation 2015* and the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulation 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

a. The financial report of Company has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2023, in all material respects, in accordance with:

   i. Sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;

   ii. Sections 10(6) and 11 of the *NSW Charitable Fundraising Regulation 2015*;

   iii. The *WA Charitable Collections Act (1946)*; and

   iv. The *WA Charitable Collections Regulations (1947)*.

b. The money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2023 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

Ernst & Young

Ernst & Young

Yvonne Barnikel
Partner
Sydney
16 October 2023

The Smith Family

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