Sydney Community Foundation Tax Deductible Fund

ABN 77 528 860 176

Annual report for the financial year ended 30 June 2020

Annual report
for the financial year ended 30 June 2020

Contents

Trustee's report

The directors of Sydney Community Foundation ("the trustee") submit herewith the annual financial report for the financial year ended 30 June 2020 of Sydney Community Foundation Tax Deductible Fund ("the trust").

The names of the directors of the trustee during or since the end of the financial year are:

Name
Michael Lynch
Diana D'Ambra (Resigned April 2020)
David Knowles
Corinne Kemp
Julianne Sanders
Wayne Stokes
Jenny Green
Georgina Byron
Larissa Behrendt

The above-named directors held office during and since the end of the financial year except as noted.

Principal activities

The trust, which has Deductible Gift Recipient status ("DGR") for tax purposes, is set up to receive donations from various sources. The trustee pools the donations received and invests these funds, distributing at least 80% of the income earned on the invested funds to DGR 1 charities. When making decisions as to the distribution of the grants and possible recipients, the trustee will take into consideration the preferences of the original donors. Through the trust's sub fund Sydney Women's Fund the foundation grants to programs for women and their children to further the purpose of Sydney Community Foundation to build strong communities.

During the period there was no significant change in the nature of those activities.

Review of operations

During the year, funds received from donors amounted to $765,036 (2019: $776,651). Grants of $618,454 (2019: $617,638) were made during the year. After deducting expenses, the trust was left with a deficit of ($186,155) (2019: $187,187 surplus). The donations received through the trust's "Foundations" program are invested by the trust with the intention of passing on the income from the investment to a recognised DGR.

From 1 November 2018 services to Sydney Community Foundation have been provided by staff employed by Be Kind Sydney Ltd, a DGR1 Public Benevolent Institute established as a related company of Sydney Community Foundation Trustee Company.

Changes in state of affairs

There were no significant changes in the state of affairs of the trust during the financial year.

Subsequent events

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the trust up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the trust's operations, the results of those operations, or the trust's state of affairs in future financial years.

Trustee's report (continued)

Future developments

The trust will continue to operate in accordance with its purpose and strategic objectives. Disclosure of information regarding likely developments in the operations of the trust in future years and the expected results of those operations is likely to result in unreasonable prejudice to the trust. Accordingly, this information has not been disclosed in this report.

Indemnification of officers and auditors

During or since the financial period, the trust has not indemnified or made a relevant agreement to indemnify an auditor of the trust or of any related body corporate against a liability incurred as such an auditor. In addition, the trust has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor.

Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the annual report.

This Trustee's report is signed in accordance with a resolution of directors of the trustee. On behalf

of the Directors

Michael Lynch Chair

Wayne Stokes
Director

Sydney, NSW
12 October 2020

Auditor's Independence Declaration

To the Trustee of Sydney Community Foundation Tax Deductible Fund:

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Sydney Community Foundation Tax Deductible Fund for the year ended 30 June 2020.

Sydney, NSW
12 October 2020

S Grivas
Director

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Independent Auditor's Report to the Trustee of Sydney Community Foundation Tax Deductible Fund:

Opinion

We have audited the financial report of Sydney Community Foundation Tax Deductible Fund ("the Trust") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' ("directors") declaration.

In our opinion, the accompanying financial report of the Trust has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the Trust's financial position as at 30 June 2020 and of its financial performance and cash flows for the year then ended;

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013;*

(c) the financial report agrees to the underlying financial records of the Trust, that have been maintained in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations for the year ended 30 June 2020; and

(d) monies received by the Trust, as a result of fundraising appeals conducted during the year ended 30 June 2020, have been accounted for and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.

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 Trust and trustee in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors, would be in the same terms if given as at the time of this auditor's report.

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

Emphasis of Matter – Current and Possible Effects and Uncertainties of COVID-19

We draw attention to Notes 2 and 11 to the financial report, which describes the current and possible effects and uncertainties on the Trust arising from the on-going issues associated with COVID-19. Our opinion is not modified in respect of this matter.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 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 the Directors for the Financial Report

The directors of the trustee company, are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements, *the Australian Charities and Not-for-profits Commission Act 2012,* and *the Charitable Fundraising Act 1991* and for such internal control that 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, the directors are responsible for assessing the Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Trust'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 this 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.
- 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 trustee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's 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 Trust'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 Trust 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, related safeguards.

HLB Mann Judd

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

S Grivas
Director

Sydney, NSW
12 October 2020

Responsible persons' declaration

This general purpose financial report, which complies with Australian Accounting Standards - Reduced Disclosure Requirements, has been prepared to satisfy the directors of the trustee's reporting requirements under the *Charitable Fundraising Act 1991.*

The directors of the trustee declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-Profits Commission Regulation 2013,* including compliance with accounting standards - reduced disclosure requirements and giving a true and fair view of the financial position and performance of the trust;

Signed in accordance with a resolution of the directors made pursuant to s.60.15 of the *Australian Charities and Not- for-profits Commission Regulation 2013.*

On behalf of the directors of the Trustee

Michael Lynch
Chair

Wayne Stokes
Director

Sydney,NSW
12 October 2020

Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2020

	Note	2020 $	2019 $
Income	3	861,519	1,174,037
Grants made	3	(618,454)	(617,638)
Administration expenses		(429,220)	(369,212)
(Deficit)/Surplus before income tax		(186,155)	187,187
Income tax expense		-	-
(Deficit)/Surplus for the year		(186,155)	187,187
Other comprehensive income			
Fair value movement on investments		67,607	46,182
Total comprehensive (loss)/income for the year		(118,548)	233,369
(Deficit)/Surplus attributable to members of the entity		(118,548)	233,369

Notes to the financial statements are included on pages 12 to 21.

Statement of financial position
as at 30 June 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	9	697,219	846,817
Trade and other receivables	4	24,342	40,774
Prepayments		3,900	-
Financial assets held at amortised cost	5	636,360	627,518
Total current assets		1,361,821	1,515,109
Non-current assets			
Financial assets held at fair value through other comprehensive income	5	1,329,967	1,265,355
Total non-current assets		1,329,967	1,265,355
Total assets		2,691,788	2,780,464
Current liability			
Trade and other payables	6	168,805	138,933
Total liability		168,805	138,933
Net assets		2,522,983	2,641,531
Accumulated funds			
Retained surplus	7	2,409,194	2,595,349
Revaluation reserve	8	113,789	46,182
Total accumulated funds		2,522,983	2,641,531

Notes to the financial statements are included on pages 12 to 21.

Statement of changes in equity
for the financial year ended 30 June 2020

	Note	Retained surplus	Revaluation reserve	Total
		$	$	$
Balance at 1 July 2018		2,395,268	12,894	2,408,162
Impact of adoption of AASB 9		12,894	(12,894)	-
Restated – at 1 July 2018		2,408,162	-	2,408,162
Surplus for the year	7	187,187	-	187,187
Other comprehensive income for the year		-	46,182	46,182
Total comprehensive income for the year		187,187	46,182	233,369
Balance at 30 June 2019		2,595,349	46,182	2,641,531
(Deficit) for the year	7	(186,155)	-	(186,155)
Other comprehensive income for the year		-	67,607	67,607
Total comprehensive loss for the year		(186,155)	67,607	(118,548)
Balance at 30 June 2020		2,409,194	113,789	2,522,983

Notes to the financial statements are included on pages 12 to 21.

Statement of cash flows
for the financial year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Contributions received		896,292	1,184,005
Investment income received		3,441	50,449
Interest received		10,734	8,598
Payments to suppliers and employees		(1,054,218)	(998,562)
Net cash (used in)/provided by operating activities	9	(143,751)	244,490
Cash flows from investing activities			
Purchase of other financial assets		(5,847)	(154,326)
Net cash used in investing activities		(5,847)	(154,326)
Net (decrease)/increase in cash and cash equivalents		(149,598)	90,164
Cash and cash equivalents at the beginning of the financial year		846,817	756,653
Cash and cash equivalents at the end of the financial year	9	697,219	846,817

Notes to the financial statements are included on pages 12 to 21.

Notes to the financial statements
for the financial year ended 30 June 2020

1. General information

Sydney Community Foundation Tax Deductible Fund ("the trust") is a trust, domiciled and operating in Australia. The trustee of Sydney Community Foundation Tax Deductible Fund is Sydney Community Foundation.

Sydney Community Foundation Tax Deductible Fund's registered office and its principal place of business is as follows:

Registered office and principal place of business
52 Victoria Street
Paddington
NSW 2021

The trust, which has Deductible Gift Recipient status ("DGR") for tax purposes, is set up to receive donations from various sources. The trustee will pool the donations received and invest these funds, distributing at least 80% of the income earned on the invested funds to other DGRs. When making decisions as to the distribution of the grants and possible recipients, the trustee will take into consideration the preferences of the original donors.

2. Significant accounting policies

Financial reporting framework
This financial report is a general purpose financial report, which has been prepared in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and Australian Accounting Standards – Reduced Disclosure Requirements ("RDR"). For the purposes of preparing the financial statements, the trust is a not-for-profit entity.

Statement of compliance
This general purpose financial report has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012,* and Australian Accounting Standards – RDR. A statement of compliance with IFRS cannot be made due to the application of not for profit sector specific requirements listed in Australian Accounting Standards and adoption of RDR.

Basis of preparation
The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the trust's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the trust based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the trust operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the trust unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Notes to the financial statements
for the financial year ended 30 June 2020

2. Significant accounting policies (continued)

Standards and other Interpretations affecting amounts reported in the current period

The trust has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

New or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The trustee believes there will be no material impact on adoption of these standards.

The following Accounting Standards and Interpretations are most relevant to the trust:

AASB 15 Revenue from Contracts with Customers
The trust has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers 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.

AASB 16 Leases
The trust has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 1058 Income of Not-for-Profit Entities
The trust has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained surplus as at 1 July 2019.

2. Significant accounting policies (continued)

The impact of the new income Accounting Standards being AASB 1058 and AASB 15 compared with the previous Accounting Standards on the current reporting period is as follows:

	New $	Previous $	Difference $
Other current liabilities	39,454	-	39,454
Net assets	**39,454**	-	**39,454**

Due to the trust only having short term leases there was no impact on adoption of AASB 16.

There are no other new and revised Standards and Interpretations adopted in these financial statements affecting the reported results or financial position.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Goods and services tax (GST)

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

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

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

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

The trust is registered for GST.

Notes to the financial statements
for the financial year ended 30 June 2020

2. Significant accounting policies (continued)

(b) Revenue

Contributions received and trust outgoings

Contribution income represents donations paid into the trust by companies and individuals. Trust outgoings represent donations paid out to recognised Deductible Gift Recipients ("DGRs"). Grants received and contributions are recognised in accordance with AASB 15 and AASB 1058.

Grants and donations

Grants and donations are recognised in profit or loss when the trust satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant or donation which must be satisfied before the trust is eligible to retain the contribution, the grant or donation will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Volunteer services

The trust has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

(c) Income tax

The trust does not pay income tax as it qualifies for exemption under Section 50-5 of *the Income Tax Assessment Act 1997*. Consequently the directors consider that no income tax is payable.

(d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the trust's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the trust's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in bank and investments in money market instruments with a maturity of less than 3 months, net of outstanding bank overdrafts.

Notes to the financial statements
for the financial year ended 30 June 2020

2. Significant accounting policies (continued)

(e) Financial assets

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The trust has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided. Under AASB 9, other financial assets are classified into the following specified categories: financial assets at amortised cost, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the trust intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The trust recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the trust’s assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Notes to the financial statements
for the financial year ended 30 June 2020

2. Significant accounting policies (continued)

Impairment of financial assets (continued)
Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(f) Financial liabilities
Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(g) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the trust prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the financial statements
for the financial year ended 30 June 2020

3. Surplus/(Deficit) for the year

The surplus/(deficit) before tax for the year include the following items of income and expense:

	2020 $	2019 $
(a) Income		
Donations received	765,036	776,651
Fee income	56,482	7,094
Interest income	10,734	8,598
Investment income	(20,733)	47,694
Other income	50,000	334,000
	861,519	1,174,037
(b) Expenses		
Grants made	618,454	617,638

4. Trade and other receivables

	2020 $	2019 $
Trade and other receivables	24,342	40,774
	24,342	40,774

Notes to the financial statements
for the financial year ended 30 June 2020

5. Financial assets

	2020 $	2019 $
Current		
Term Deposit	636,360	627,518
Non-Current		
Investments – at fair value through other comprehensive income	1,329,967	1,265,355

The directors consider that the carrying amounts of financial assets recorded on the financial statements approximate their fair values.

Some of the trust's financial assets are measured at fair value at the end of the reporting period.

The table below analyses financial assets held at fair value according to the inputs used in the valuation technique, as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets;
- Level 2 Inputs other than quoted prices included in Level 1 that are directly or indirectly observable;
- Level 3 Inputs for assets that are not based on observable market data.

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30/6/2020 $	30/6/2019 $		
Non derivative financial asset at fair value through other comprehensive income	1,329,967	1,265,355	Level 2	Unit priced fund based on NAV of underlying investments

6. Trade and other payables

	2020 $	2019 $
Trade and other payables	116,600	109,433
Deferred revenue	39,454	20,000
Accruals	12,751	9,500
	168,805	138,933

7. Retained surplus

	2020 $	2019 $
Balance at beginning of financial year	2,595,349	2,395,268
Impact of adoption of AASB 9	-	12,894
(Deficit)/Surplus for the year	(186,155)	187,187
Balance at end of financial year	2,409,194	2,595,349

The net deficit includes donations received for inclusion in the Tax Deductible Fund operated by Sydney Community Foundation. Donations received in this fund are invested with the intention of passing on the income and, if thought fit by the Trustees, all or part of the capital of the Trust Fund to eligible charities that have Deductible Gift Recipient status.

Notes to the financial statements
for the financial year ended 30 June 2020

8. Revaluation Reserve

	2020 $	2019 $
Fair value movement on investments	67,607	46,182

9. Notes to the statement of cash flows

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2020 $	2019 $
Cash and cash equivalents	697,219	846,817

(a) Reconciliation of surplus/(deficit) for the period to net cash flows provided by/(used in) operating activities

	2020 $	2019 $
Surplus/(deficit) for the year	(186,155)	187,187
Depreciation	-	-
Provision for annual leave	-	(11,817)
Changes in net assets and liabilities:		
(Increase)/decrease in assets:		
Trade and other receivables	48,947	29,622
Increase/(decrease) in liabilities:		
Trade and other payables	(6,543)	39,498
Net cash provided by/(used in) operating activities	(143,751)	244,490

10. Remuneration of auditors

	2020 $	2019 $
Audit of the financial report	10,500	10,000

The auditor of Sydney Community Foundation Tax Deductible Fund is HLB Mann Judd Assurance (NSW) Pty Ltd.

11. Subsequent Events

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the trust up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the trust’s operations, the results of those operations, or the trust’s state of affairs in future financial years.

Notes to the financial statements
for the financial year ended 30 June 2020

12. Key management personnel compensation

The directors and other members of key management personnel of the trustee during the year were:

Name
Michael Lynch
Diana D'Ambra (Resigned Apr 2020)
David Knowles
Corinne Kemp
Julianne Sanders
Wayne Stokes
Jenny Green
Georgina Byron
Larissa Behrendt
Jane Jose

Aggregate paid or payable to directors of Sydney Community Foundation for the trust was $nil (2019: $Nil).

13. Related party disclosures

(a) Key management personnel compensation
Aggregate paid or payable to key management personnel was $Nil (2019: $54,750).

(b) Transactions with other related parties
During the financial year, the trust's other related parties include the Trustee and Be Kind Sydney Ltd.

Aggregate paid or payable to a related party was $268,250 (2019: $322,000)

The trust has entered into an open ended management fee agreement with a related party. The management fee is determined by applying the percentage of time spent by individual staff members on work for the trust by the then- current salary of the relevant staff member. The fee for the year ended 30 June 2020 was $266,000. Future fees cannot be reliably measured at 30 June 2020.

14. Information to be furnished under the Charitable Fundraising Act 1991

	2020 $	2019 $
Total costs of fundraising/gross income from fundraising	8.96%	8.02%
Cost of fundraising	68,551	62,303
Fundraising income	765,036	776,651
Net surplus (deficit) from fundraising/gross income from fundraising	(24.33%)	24.10%
Net surplus/(deficit)	(186,155)	187,187
Fundraising income	765,036	776,651

The trust does not provide any charitable services other than the activities detailed in above.