

BLUE KNOT FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

A.B.N 49 072 260 005

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED**

30 JUNE 2019

BLUE KNOT FOUNDATION
A.B.N 49 072 260 005

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CHAIRMAN'S REPORT

2019 has been a year of further growth and development for the Blue Knot Organisation.

The Blue Knot strategy is deeply rooted in the desire to be able to reach the more than 1 in 4 adults who have been impacted by complex trauma, often from childhood. It is the organisation's goal to empower survivors in leading meaningful lives, connected to their community.

We represent and position our cause, by developing outcome-driven resources, services and solutions to government, private and non-government sectors, as well as the general public in our quest to create a trauma-informed community. We continue to extend our reach exponentially through advocacy, publications including cutting edge guidelines, education and training to build the capacity of a wider network to optimise their interactions with survivors to foster safety, and opportunities for healing.

To this end we have developed over time a series of guides on 'Talking about Trauma'. The first was directed to the general public. The second was for health and other service providers and the third in 2019 for the primary care sector of General Practitioners. They were all supported by an expanded series of fact sheets, the last, written to directly target primary health care for the general public through General Practitioners.

2019 also saw further development of our training and services arm. 350 training days were provided nationally to over 6,500 attendees – frontline workers, practitioners, managers, admin staff and support workers. Blue Knot training is tailored to meet the needs and roles of attendees and is widely acclaimed. Together with our supervision and consultancy arms, these services allow us to change the landscape for survivors and those who support them personally and professionally as well as diversify and strengthen the organisation's financial base, providing sustainability for the future.

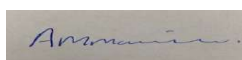
On our Helpline, 10,000 calls were received from survivors, supporters and professionals, with our trauma counsellors responding to their often complex needs using their specialist skills and experience.

As we continue to develop the National Centre of Excellence we are increasingly seen as a trusted service to which other services refer, particularly for people with a lived experience of complex trauma and multiple challenges. This aligns with our strategy to foster collaborations and partnerships with like-minded organisations to enhance impact and outcomes.

It has been a pleasure to serve as the Chair of Blue Knot Foundation for the last year.

I am always inspired by our amazing President, Dr. Cathy Kezelman in the tireless work she does in her advocacy and leadership for survivors of complex trauma.

I would like to thank the wonderful Blue Knot team and Board. This passionate group always goes the extra mile to make a difference for all survivors of complex trauma.



Angela McKenzie-Mountain

Chairperson

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PRESIDENT'S REPORT

This has been another significant year of growth for Blue Knot Foundation – National Centre of Excellence for Complex Trauma. In fact, this is the first full year of us leading the national conversation as the National Centre of Excellence for Complex Trauma

With the completion of the Royal Commission into Institutional Responses to Child Sexual Abuse and commencement of the National Redress Scheme in July 2018, the establishment of The Royal Commission into Aged Care Quality and Safety on 8 October 2018 and of The Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability in April 2019, the lived experience of vulnerable Australians with complex trauma histories is front and centre of the public psyche.

Blue Knot has a significant role to play as we continue to advocate and educate around the need for trauma-informed responses to all people with a lived experience of trauma and informed treatment responses to those with complex trauma. In fact, our role as the National Centre of Excellence for Complex Trauma has never been more pivotal. With more than 1 in 4 adult Australians living with the collective impacts of often repeated interpersonal trauma, commonly from childhood, but also as an adult, the core impacts of trauma must inform social and health policy and practice. Blue Knot's submission to the Productivity Commission with the draft report to be delivered on October 31st, coincidentally during Blue Knot week and at the end of mental health month speaks to the often unrecognised and unaddressed legacy of compounded complex trauma.

Blue Knot continues to offer direct support to survivors in need, through its survivor workshops, fact sheets, videos and extensive resources, as well as its helplines. This year our Helpline services have been in great demand with more than 10,000 callers receiving support, short term counselling, support and information from our specialist trauma counsellors. This includes additionally people considering engaging with or applying to the National Redress Scheme through what is often a protracted application process. In addition, we are providing a redress outreach service into rural and regional areas, to support local services on the ground which may lack redress expertise, as well as direct support for applicants who are unable to connect in with services.

To support our direct services, we also invest considerable time, effort and expertise in building the capacity of the workforce across multiple sectors. We do this with a growing team within our training and services arm. This core team, supported by a team of trainers around the country continues to go from strength to strength, with Blue Knot having delivered 350 professional development training days to over 6,500 attendees this financial year. This includes training to build the capacity of NGOs, practitioners and government services across a wide range of sectors, services and needs. Our training arm is expanding with growing e-learning capacity, a supervision service, and a trauma-informed consultancy arm, which further supports delivery of our wrap-around organisational trauma-informed change process.

As we approach Blue Knot Day 2019 and the launch of our updated 2019 Practice Guidelines for Clinical Treatment of Complex Trauma, I continue to be blown away by the commitment, passion and dedication of our Blue Knot team. From our administration, accounts, operations, marketing and training teams to our research and trauma specialist counselling staff, I would like to sincerely thank you each and everyone for another stellar year. With a particular thanks to Belinda Johnson, Deputy CEO without whose contribution this year would have fallen short, and to Angela McKenzie-Mountain and the board for their generous and ongoing support.



Dr. Cathy Kezelman AM

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DIRECTORS' REPORT

1. Directors

Philippa Bell – joined 24/11/2018

LLB (Hons), BA, Grad Dip (Legal Practice), Grad Dip (Applied Finance and Investment)

Pip is a lawyer with over 15 years of experience across private practice (small and large firms), government and in-house financial institution roles, assisting clients ranging from start-ups through to global brand names with business establishment, capital raising, governance and regulatory matters. She has also provided legal services to cancer patients on a pro bono basis. She currently works in a small, boutique law firm specialising in investment management and financial services regulation. Outside of her work, Pip likes to embark on physical challenges to fundraise for charity and she has raised over \$20,000 for a number of worthy causes through long distance running, walking and ocean swimming.

Matthew Rockell – joined 04/05/2019

Bachelor Applied Science UWS

Matthew has a background in applied sciences, education, and consulting and is currently working in Westpac Group Technology on Workforce Optimisation. I manage the technology division's Science, Technology, Engineering, Mathematics (STEM) advocacy strategy and scholarship programs offered on behalf of the Westpac Scholars Trust.

Prior to joining Westpac, I previously held the position of Head of Product at Karrikins Group, a consulting firm with deep expertise in business transformation and community investment. I have lead the development of community investment strategies, innovation, impact measurement and evaluation programs for clients across Corporate, NFP/Community and Government sectors including work for Optus, CBA, Microsoft, Royal Bank of Canada and various government departments and public institutions in Australia and New Zealand.

Marie Claire Cheveron – resigned 20/10/2018

MMGT, MPASR, BSW, AMHSW, AFMIL, GAICD
2012 Churchill Fellow

Marie-Claire is a social worker with extensive clinical, policy and senior management experience in health and human services across a number of fields. She is an accredited mental health professional with experience in leading program development and reviews and the delivery of training in trauma, psychological management of critical incidents and suicide risk assessment and intervention. She is an experienced coach and supervisor for people who are leading teams and for professionals within health and human services, working in government, non-profit and commercial sectors.

Marie-Claire's most recent previous roles have included: National Clinical Director, 1800 RESPECT and Director Support Programs, Prostate Cancer Foundation of Australia. She has her own consultancy practice and continues to consult with 1800RESPECT in the role of clinical advisor and as a member of the National Sector Advisory Group. She is also currently completing a Doctorate in Social Work at UNSW Sydney.

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DIRECTORS' REPORT

Marie-Claire holds a number of honorary appointments, including: National Vice-President, Australian Association of Social Workers (AASW), Board Director, Melanoma Patients Australia (MPA) and committee member, School of Social Work Advisory Committee, Australian Catholic University (ACU), Sydney. She is a graduate of the Australian Institute of Foundation Directors (AICD) and a 2012 Churchill Fellow.

Dr Catherine Kezelman AM – resigned 24/11/2018

MBBS (Hons)

Special Responsibilities: President

Catherine Kezelman is a medical practitioner, mental health consumer advocate, Blue Knot Foundation President, member of the Mental Health Community Advisory Council (NSW), and on the NSW Jewish Board of Deputies Child Protection Taskforce and Advisory Panel of Tzedek.

Under her stewardship Blue Knot Foundation has grown from a peer support organisation to a leading national organisation combining a prominent consumer voice with that of researchers, academics and clinicians advocating for socio-political change and informed responsiveness to complex trauma. She is a prominent voice in the media and at conferences, as well as author of a memoir chronicling her journey of recovery from child sexual abuse: *Innocence Revisited* - a tale in parts. She is co-author of the 2012 Blue Knot Foundation documents: *Practice Guidelines for Treatment of Complex trauma and Trauma Informed Care and Service Delivery*, 2015 Economic Report into the Cost of Unresolved Childhood Trauma and Abuse in Adults in Australia (with Pegasus Economics) and 2016 *Trauma and the Law: Applying Trauma-informed Practice to Legal and Judicial Contexts*.

Elana Cohen – resigned 24/11/2018

BSc Psychology (Hons), MScMed (Psychotherapy)

Elana is a psychologist and psychotherapist with extensive experience in working with trauma. She also has an interest in biofeedback, in particular Heart Rate Variability Biofeedback, which is an evidence-based treatment modality. Prior to her career as a psychologist and psychotherapist Elana spent 18 years in the corporate sector. She is a clinical member of the Australia and New Zealand Association of Psychotherapy (ANZAP), a member of the International Association for Relational Psychoanalysis and Psychotherapy (IARPP), an associate member of the Australian Psychological Society (APS) and is Treasurer to the APS Neurofeedback and Psychology Interest Group. She is also an active member of the BKF Clinical Advisory Committee and the ANZAP Education Sub-Committee. Elana works in private practice.

Clare Hallam – resigned 20/10/2018

Cert1V Financial Services

Clare has more than 10 years' experience working across Australia's high-growth start up ecosystem. Her extensive skills in governance, operations, investment due diligence and silo busting culture growth for technology businesses underpin her success in advising, guiding and mentoring innovation and commercialization of early stage business and larger innovation programs across the corporate and education sectors. She has an interest in evidence based learning and how experimentation supports and drives business decisions.

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DIRECTORS' REPORT

Sharon Rockell resigned 30/11/2018

BCmn, Marketing and Event Management

Sharon has more than 14 years' experience in media and communications, predominantly in financial services firms. She specialises in reputation management strategy, media relations, issues and crisis management, internal communications and strategic planning. Previous roles include Head of Corporate Affairs and Head of Communications for large divisions at two of Australia's major banks. She is currently in Group Media Relations at a major Australian Bank. Sharon also serves as a Strategic Advisor (Media & Communications) for the Australian Futures Project and was previously an advisory committee member for the MLC Community Foundation.

Belinda Johnson – resigned 24/11/2018

JP, B.Bus(Acc), CSA(Cert), FIPA

Special Responsibilities: Foundation Secretary

Belinda Johnson is an Accountant with over 25 years of finance and business experience in a variety of SME's. Belinda has a strong background in corporate governance, business and finance management, audit and risk and competitive/lean manufacturing. Belinda currently is in Public Practice providing Cloud based financial management solutions to a variety of micro and SME. Belinda holds a Bachelor of Business (Accounting) from UWS and a Certificate in Governance Practice with the Governance Institute of Australia.

Angela McKenzie - Mountain

BA Acc, CPA, CIMA

Special Responsibilities: Chairperson

Angela is a senior finance professional with over 20 years' experience in commerce. She has experience in reporting to the boards of both small and large corporations, some of which were listed on the stock exchange in Australia and the UK. Angela specialises in Finance, Leadership, Change Management, Governance and Retail. She is currently studying for a Graduate Diploma of Applied Corporate Governance at the Governance Institute Australia.

Terry Kirkpatrick

BA Psychology (Hons), PGrad Dip Psychology, PhD, MAPS

Terry is a registered psychologist with over 30 years clinical experience working in mental health in the public sector, non-government organizations and private practice. Terry is currently appointed by the Minister of Health to the Official Visitor Program under the Mental Health Act (2007). He has researched the impact of trauma and vicarious trauma on emergency service personnel funded by the Australian Research Council. Terry is a member of the Australian Psychological Society and sits on the Advisory Council and Practice Senate as well as serving as the NSW Representative on the National Division of General Practicing Psychologists. He is also a clinical member of the International Association of Applied Psychology. Terry is a survivor of childhood abuse.

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DIRECTORS' REPORT

Belinda Bentley

BSc BA MProDev GAICD

Belinda is a highly regarded property professional who specialises in transactions and development. Belinda's experience varies from residential and commercial transactions to being responsible for some of the most complex development projects and portfolios in Australia with values ranging from A\$30m to over A\$1b. Belinda is also a Non-Executive Director of Link Housing, a nationally registered Tier 1 Community Housing Provider.

Belinda is a Graduate Member of the Australian Institute of Foundation Directors (GAICD) and is a member of the Urban Land Institute's Sydney District Council.

Sarah Gatehouse – joined 20/10/2018

Sarah has over 20 years' experience in Human Resources with a post-graduate diploma from Macquarie Graduate School of Management. Her broad generalist experience covers a number of industries both blue and white collar. Most recently she has been responsible for driving meaningful organisational change and transformation which resulted in a significant improvement in culture. Sarah is on the boards of two not for profit organisations who focus on encouraging personal development and success. She has had personal experience in dealing with mental health concerns and values the important work that the Blue Knot Foundation delivers.

2. Principal activities

The principal activities of the Foundation during the financial year were the operation of a foundation offering support to adult survivors of complex trauma.

3. Dividends

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

4. Review of operations

Operating revenue

The Foundation's revenue for the financial year was \$3,287,827 (2018: \$2,910,038).

Operating result

The operating surplus for the financial year was \$544,998 (2018: \$591,751).

Significant changes in state of affairs

There were no significant changes in the nature of the Foundation's principal activities during the financial year.

5. Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affect, or may significantly affect:

- (i) the operations of the Foundation;
- (ii) the results of those operations; or
- (iii) the state of affairs of the Foundation in subsequent years.

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6. Likely developments and expected results of operations

The Foundation will continue to actively support adult survivors of complex trauma. Likely developments in the operations of the Foundation and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Foundation.

7. Environment regulation

The Foundation's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

8. Foundation secretary

At the date of this report, the position of Foundation Secretary was held by Belinda Johnson.

9. President

At the date of this report, the position of President was held by Dr. Cathy Kezelman.

10. Meetings of directors

During the financial year 2018/2019, 5 face-to-face meetings of Directors were held. These meetings occurred on 18 August 2018, 20 October 2018, 24 November 2018, 16 February 2019 and 4 May 2019.

The number of meetings of the Foundation's board of directors held during the year ended 30 June 2019 and the number of meetings attended by each Director were:

Director	Board of Directors	
	Meetings eligible to attend	Meetings attended
Cathy Kezelman	2	2
Belinda Johnson	2	2
Angela McKenzie-Mountain	5	5
Marie Clarie Cheveron	1	1
Matthew Rockell	1	1
Sharon Rockell	3	0
Elana Cohen	2	2
Sarah Gatehouse	4	4
Philippa Bell	4	4
Terry Kirkpatrick	5	3
Clare Hallam	1	0
Belinda Bentley	5	5

11. Loans to directors and executives

There were no loans to directors and executives during the year ended 30 June 2019.

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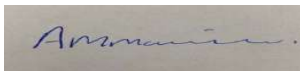
12. Indemnification and Insurance of officers and auditors

The Foundation has paid a premium to insure the directors and secretary of the Foundation against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or secretary of the Foundation, other than conduct involving a wilful breach of duty in relation to the Foundation. The contract of insurance prohibits disclosure of the nature of the liability insured of the premiums paid.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Foundation.

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

For and on behalf of the Board

A handwritten signature in blue ink, appearing to read 'Amman', on a light-colored rectangular background.

Angela McKenzie-Mountain
Chair

Date: 15 November 2019

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue			
Government grants		1,178,445	920,234
Donations	14	45,918	54,660
Fundraising income	14	36,458	18,909
Workshop income		1,762,708	1,469,570
Other	5	264,298	446,665
Total Revenue		3,287,827	2,910,038
Expenses			
Expenditure supporting fundraising activities	14	58,884	65,406
Expenditure supporting grant activities		1,162,564	1,222,087
Expenditure supporting Blue Knot Foundation services		55,636	32,188
Expenditure to support workshops		473,363	391,997
Administrative expenses		992,382	606,609
Total Expenses		2,742,829	2,318,287
Surplus before income tax		544,998	591,751
Income tax expense	3 (d)	-	-
Surplus for the year		544,998	591,751
Surplus attributable to members of the Foundation		544,998	591,751
Other comprehensive income		-	-
Total other comprehensive income attributable to members of the Foundation		-	-
Total comprehensive income for the year		544,998	591,751

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	6	2,835,303	1,792,651
Trade and other receivables	7	137,448	417,578
Other assets		22,678	18,389
Total current assets		<u>2,995,429</u>	<u>2,228,618</u>
Non-current assets			
Property, plant and equipment	8	3,311	3,591
Total non-current assets		<u>3,311</u>	<u>3,591</u>
Total assets		<u>2,998,740</u>	<u>2,232,209</u>
Current liabilities			
Trade and other payables	9	168,315	134,883
Provisions	11	71,034	52,734
Other liabilities	10	408,025	247,307
Total current liabilities		<u>647,374</u>	<u>434,924</u>
Non-current liabilities			
Provisions	11	30,332	21,249
Total non-current liabilities		<u>30,332</u>	<u>21,249</u>
Total liabilities		<u>677,706</u>	<u>456,173</u>
Net assets		<u>2,321,034</u>	<u>1,776,036</u>
Equity			
Retained surplus		2,321,034	1,776,036
Total equity		<u>2,321,034</u>	<u>1,776,036</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

2018	Retained surplus \$	Total \$
Balance at 1 July 2017	1,184,285	1,184,285
Comprehensive income		
Surplus for the year	591,751	591,751
Other comprehensive income for the year	-	-
Total comprehensive income for the year attributable to the members of the Foundation	591,751	591,751
 Balance at 30 June 2018	 1,776,036	 1,776,036
 2019		
 Balance at 1 July 2018	 1,776,036	 1,776,036
Comprehensive income		
Surplus for the year	544,998	544,998
Other comprehensive income for the year	-	-
Total comprehensive income for the year attributable to the members of the Foundation	544,998	544,998
 Balance at 30 June 2019	 2,321,034	 2,321,034

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers and other contributions		4,003,366	2,875,993
Payments to suppliers and employees		(3,005,714)	(2,494,075)
Interest received		45,000	22,279
Net cash generated from operating activities	13	<u>1,042,652</u>	<u>404,197</u>
Cash flows from investing activities			
Net cash used in investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		1,042,652	404,197
Cash and cash equivalents at the beginning of the financial year		<u>1,792,651</u>	<u>1,388,454</u>
Cash and cash equivalents at the end of the financial year	6	<u>2,835,303</u>	<u>1,792,651</u>

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

The financial report covers Blue Knot Foundation (“the Foundation”) as an individual entity. Blue Knot Foundation is incorporated and domiciled in Australia. Blue Knot Foundation is a company limited by guarantee.

The functional and presentation currency of Blue Knot Foundation is Australian dollars.

The financial statements were authorised for issue on 15 November 2019 by the directors of the Foundation. The Directors have the power to amend and reissue the financial report.

1. Basis of Preparation

The directors have prepared the financial statements on the basis that the Foundation is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The Foundation is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profits Commission Act 2012, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101: Presentation of Financial Statements, AASB 107: Cash Flow Statements, AASB 108: Accounting Policies, AASB 1048: Interpretation of Standards, Changes in Accounting Estimates and Errors and AASB 1054: Australian Additional Disclosures, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

2. Application of New and Revised Accounting Standards

This is the first set of the Foundation’s annual financial statements in which AASB 9 *Financial Instruments* has been applied.

The Foundation adopted AASB 9 *Financial Instruments* from 1 July 2018. The impact of this standard is described below:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

(i) AASB 9 Financial Instruments

This standard has been applied from 1 July 2018 and replaces AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for the calculation of impairment of financial assets, and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139.

The classification of the financial asset depends on the Foundation's business model for managing financial assets and the contractual terms of the cash flows.

The Foundation has applied AASB 9 prospectively. There is no material impact from the adoption of the standard. As a result, the comparative information provided continues to be accounted for in accordance with the Foundation's previous accounting policy.

Refer to note 3(j) for the updated accounting policy.

3. Significant accounting policies

a. 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 Foundation'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 Foundation'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.

b. Comparative figures

When required by the Accounting Standards adopted for this financial report, comparative figures have been adjusted to conform to changes in presentation for the current year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

c. Revenue

Government grants

When grant revenue is received whereby the Foundation incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

Donations and fundraising income

Donations are recognised when the Foundation obtains controls of the contribution or the right to receive the contribution. Significant confirmed donations are accrued at the balance sheet date when it is probable the donation will be received and the amount can be measured reliably.

Workshop income and consulting and supervision services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Interest income

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

Other income

Other income is recognised on an accrual basis when the Foundation is entitled to it.

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

d. Income tax

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

e. Provisions

Provisions are recognised when the Foundation has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

f. Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. The expected payment amounts are not discounted as the impact on the financial statements is deemed immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual & long service leave; expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability of annual & long service leave is recognised in the provision for employee benefits. All other short-term benefit obligations are presented as payables.

Long-term obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period.

g. Cash and cash equivalents

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

h. Trade receivables

Trade and other receivables include amounts due from donors and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

i. Trade payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Foundation during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

j. Financial instruments

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Foundation commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Measurement

At initial recognition, the Foundation measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of financial assets are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit or loss.

Impairment of assets

The Foundation assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Foundation applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Foundation evaluates that there is no impact on account of impairment from the adoption of AASB 9.

k. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

l. New Accounting Standards and Interpretations Not Yet Mandatory or Early Adopted

AASB 1058: Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019)

A core change of AASB 1058 is that they shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations. AASB 1058 is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the Entity to acquire or construct a recognisable non-financial asset that is to be controlled by the Entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the Entity satisfies its obligations under the transfer.

As at the reporting date, the directors have not assessed the impact of AASB 1058 and have decided to not early adopt the standard in the current year.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

Management has not assessed the impact of the new standard on the Foundation's financial statements. The Foundation has decided not to early adopt this standard.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

4. Critical accounting judgements, estimates and assumptions

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

The Director have evaluated that there are no significant estimates and judgements made in the preparation of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
5. Other revenue		
Consulting and supervision services	194,851	395,593
Grants – State	-	10,000
Sundry income	69,447	41,072
	264,298	446,665
6. Cash and cash equivalents		
Cash and cash equivalents	2,835,303	1,792,651
	2,835,303	1,792,651
7. Trade receivables		
Trade receivables	137,448	417,578
	137,448	417,578
8. Property, plant and equipment		
<u>Cost</u>		
Opening balance	34,139	34,139
Closing balance	34,139	34,139
<u>Accumulated depreciation</u>		
Opening balance	(30,548)	(28,311)
Depreciation charge for the year	(280)	(2,237)
Closing balance	(30,828)	(30,548)
Net book value	3,311	3,591

BLUE KNOT FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
9. Trade and other payables		
Trade payables	14,446	19,046
Other payables	153,869	115,837
	<u>168,315</u>	<u>134,883</u>
10. Other liabilities		
Other payables	408,025	247,307
	<u>408,025</u>	<u>247,307</u>
11. Provisions		
CURRENT		
Provision for annual leave	71,034	52,734
	<u>71,034</u>	<u>52,734</u>
NON-CURRENT		
Provision for long service leave	30,332	21,249
	<u>30,332</u>	<u>21,249</u>
12. Auditor's Remuneration		
Remuneration of the auditor of the Foundation, MGI Sydney for:		
- Auditing or reviewing the financial statements	6,180	6,000
- Other services	10,240	8,000
	<u>16,420</u>	<u>14,000</u>

BLUE KNOT FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. Cash flow reconciliation

	2019	2018
	\$	\$
Net current year surplus	544,998	591,751
<i>Adjusted for:</i>		
Non-cash items:		
Depreciation	280	2,237
Change in assets and liabilities:		
Decrease/(increase) in trade and other receivables	280,130	(332,516)
Decrease/(increase) in prepayments	(4,289)	10,678
Increase/(decrease) in trade payables and provisions	60,815	94,608
Increase/(decrease) in other creditors	160,718	37,439
Cash flow from operations	1,042,652	404,197

14. Fundraising activities conducted during the year

Information to be furnished under the *Charitable Fundraising Act 1991* (NSW).

The net surplus from fundraising activities conducted during the financial year was:

	2019	2018
	\$	\$
Other	23,492	8,163
	23,492	8,163
Donations revenue	45,918	54,660
Fundraising revenue	36,458	18,909
Less: fundraising expenses	(58,884)	(65,406)
	23,492	8,163
Ratio of expense to revenue	71%	89%
Ratio of net surplus to revenue	29%	11%

BLUE KNOT FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

15. Members' guarantees

The Foundation is incorporated under the *Australian Charities and Not-for-Profits Commission* and is a company limited by guarantee. If the foundation is wound up, the constitution states that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the Foundation. At 30 June 2019, the number of members was 1,778 (2018: 1,689).

16. Related Parties

(a) Transactions with related parties

The Foundation entered into the following transactions with related parties during the year:

The Foundation has engaged Balac Pty Limited ATF CB Family Trust T/A Accounting Logic to provide financial management services for the Foundation. Accounting Logic is an associated entity of Belinda Johnson.

The supply of the financial management services by Accounting Logic has been approved by the Board of Directors. Declaration of interest is declared at each meeting of the Board of Directors and managed accordingly.

Fees rendered for the full year were \$43,450 (excl. GST) (2018: \$43,555).

(b) Key management personnel disclosures

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Foundation, directly or indirectly, including any director (whether executive or otherwise) of that Foundation is considered key management personnel.

The Directors of Blue Knot Foundation during the year were Dr. Cathy Kezelman, Belinda Johnson, Angela McKenzie-Mountain, Marie Cheveron, Matthew Rockell, Sharon Rockell, Elana Cohen, Sarah Gatehouse, Philippa Bell, Terry Kirkpatrick, Clare Hallam, Belinda Bentley. Dr. Cathy Kezelman was also the President of Blue Knot Foundation during the year.

Directors are not paid for acting in the capacity of a Board Member. Amounts have been paid to the Directors acting in their capacity as employees of the foundation.

The totals of remuneration paid to the key management personnel of Blue Knot Foundation during the year are as follows:

	2019	2018
	\$	\$
Key management personnel compensation	160,600	147,825
	<u>160,600</u>	<u>147,825</u>

BLUE KNOT FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

17. Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Foundation, the result of those operations, the state of affairs of the Foundation in future financial years.

18. Contingences

In the opinion of the Directors', the Foundation did not have any contingencies at 30 June 2019 (30 June 2019: Nil).

19. Foundation details

The registered office and principal place of business is:
Centre in the Park
2A Montpelier Street
NEUTRAL BAY, NSW, 2089

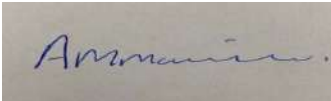
**BLUE KNOT FOUNDATION
A.B.N 49 072 260 005**

**DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2019**

The directors of Blue Knot Foundation declare that, in the directors' opinion:

- (a) the financial statements and notes, as set out on pages 10 to 25, comply with Australian Accounting Standards and give a true and fair view of the financial position of the registered entity as at 30 June 2019 and of its performance for the year ended on that date.
- (b) this declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.
- (c) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as when they become due and payable.

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

A rectangular box containing a handwritten signature in blue ink. The signature appears to read 'Amman' followed by a flourish.

Angela McKenzie-Mountain
Chair

Date: 15 November 2019

**BLUE KNOT FOUNDATION
A.B.N 49 072 260 005**

**DECLARATION BY THE PRESIDENT IN RESPECT OF FUNDRAISING APPEALS
FOR THE YEAR ENDED 30 JUNE 2019**

I, Dr. Catherine Kezelman AM, President of Blue Knot Foundation declare that in my opinion:

- (a) the financial report gives a true and fair view of all income and expenditure of Blue Knot Foundation with respect to fundraising appeal activities for the financial year ended 30 June 2019.
- (b) the Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2019.
- (c) the provisions of the *Charitable Fundraising Act 1991* (NSW) and Regulations and the conditions attached to the authority have been complied with during the period from 1 July 2018 and 30 June 2019.
- (d) the internal controls exercised by Blue Knot Foundation are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



Dr. Catherine Kezelman AM

President

Date: 15 November 2019



INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF BLUE KNOT FOUNDATION

Opinion

We have audited the financial report of Blue Knot Foundation ("the entity"), which comprises the statement of financial position as at 30 June 2019, 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 comprising a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report of Blue Knot Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* ("ACNC Act 2012"), including:

- a) giving a true and fair view of the entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Notes 1 to 3, 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 entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Other Information

The directors of the entity are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the Chairman's Report, President's Report and the Director's Report for the year ended 30 June 2019, 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 entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation as described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the director determine is necessary to enable the preparation of a 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 entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Report on the requirements of the NSW Charitable Fundraising Act 1991 and NSW Charitable Fundraising Regulations 2015

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. The directors of the entity are responsible for the preparation and presentation of the financial report in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *NSW Charitable Fundraising Regulations 2015*. Our responsibility is to express an opinion on the financial report based on our audit.

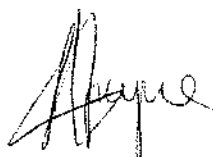
Opinion

In our opinion, in all material respects:

- a. The financial report of the entity is prepared and associated records have been properly kept, during the financial year ended 30 June 2019, in accordance with:
 - i. sections 20(1), 22(1-2) and 24(1-3) of the *NSW Charitable Fundraising Act 1991*; and
 - ii. sections 10(6) and 11 of the *NSW Charitable Fundraising Regulations 2015*; and
- b. money received as a result of fundraising appeals activities conducted by the entity during the year ended 30 June 2019 has been properly accounted for and applied in accordance with the above mentioned Act and Regulations.

MGI Sydney Assurance Services

MGI Sydney Assurance Services Pty Limited
Chartered Accountants



Kimmy Jongue
Director

Sydney, 15 November 2019