

BLUE KNOT FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

A.B.N 49 072 260 005

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED**

30 JUNE 2018

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

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**BLUE KNOT FOUNDATION
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CHAIRMAN'S REPORT

2018 has been a significant year for the Blue Knot Foundation ("Blue Knot") with the announcement of its National Centre of Excellence for Complex Trauma and the ending of the Royal Commission.

The National Centre of Excellence for Complex Trauma has further strengthened the organisation's position and thought leadership to provide much-needed support and education around complex trauma. Blue Knot will continue to evolve this model in the years to come through research, education and training, and survivor support.

In December 2017, the Royal Commission into Institutional Child Sexual Abuse ended. The Royal Commission heard over 8,000 stories from survivors, courageous in coming forward. The process has given a voice to many who have suffered silently for far too long. The Commission has driven change in society's attitude and more awareness to protect our future generations from the suffering so many have endured. Whilst we can't turn back time for any survivors of all types of child abuse and trauma, we can provide the support and acknowledgement they deserve.

Through the efforts of our President, Dr Cathy Kezelman and our research, training and Helpline teams we have continued to expand our research material and publications, training courses and training footprint throughout Australia, along with the development of online training which will open opportunities for a global presence in the coming years, and direct counselling support to survivors and their personal and professional supporters.

I would like to acknowledge and thank the Blue Knot team, the Board and our President. This cohesive group who go over and above to make a difference for all the Australians out there who have been impacted by childhood trauma are amazing. I am proud to be a part of this passionate group who are making a difference.

Having been on the Board for the last 5 years it is my time to step down as Chair and Director at the AGM. It's been an honour to have been part of this organisation and to experience its growth. Dr Cathy Kezelman is an inspiration and what an amazing opportunity it has been working with her. I wish the incoming Chair all the best and look forward to seeing and hearing more about the great work and impacts of Blue Knot.



Belinda Johnson
Chairperson

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PRESIDENT'S REPORT

In February this year Blue Knot Foundation ("Blue Knot") further realised its significant leadership role around trauma by becoming the National Centre of Excellence for Complex Trauma. As the Centre of Excellence, Blue Knot Foundation will expand its research and thought leadership to enhance service excellence and workforce development in responding to complex trauma.

This platform enables it to further educate and inform around the differences between what is commonly perceived as all trauma – that of a single incident e.g. an accident, natural disaster or assault in adulthood and that experienced by childhood trauma survivors and others including but not limited to people who experience domestic and family violence, refugees and asylum seekers. This is important from an understanding point of view, as well as for treatment, support and other services.

In addition Blue Knot continues to, alongside trusted partners, drive the national agenda around trauma-informed practice, across sectors, systems and services. Its training and services arm continues to grow with close to 5000 attendees at 270 training days, supervision to legal and health practitioners and services and organisational consultancy services to diverse organisations. Our Helpline provided over 5,000 occasions of service to callers, the majority of who are survivors of childhood trauma, but also to family members, friends and professionals.

This last year we released several cutting edge publications including *The Truth of Memory and the Memory of Truth*, and a further edition to our Talking about Trauma series: *Talking about Trauma – Guide to Conversations and Screening for Health and Other Services Providers*. Our monthly newsletter *Breaking Free* goes out to over 35,000 members and friends every month, with our quarterly *Blue Knot Review* keeping the professional community informed of advances in the area.

This last year occurred against a backdrop of Royal Commission into Institutional Child Sexual Abuse closing its doors in December 2017 and the National Redress Scheme, opening its books on July 1. As we continue build awareness around the prevalence, impacts and stakes of complex trauma, it is encouraging to witness a growing community understanding of the issues. Blue Knot would like to extend its personal thanks to the Commission and all who delivered its exemplary work and process. The Commission drove changes to attitudes, laws, services and processes. Blue Knot will continue to honour its work and build on it whenever we can, with our growing numbers of partners and collaborators. For no Commission, organisation or individual can ensure the systemic changes needed alone – the changes which over time can make recovery and pathways to justice more accessible for all.

On a personal note, I would like to acknowledge and thank the small but enthusiastic passionate Blue Knot team for the commitment and drive, as well as to the board, who generously donate their time to advance our cause. I would especially like to thank Belinda Johnson, who is serving her final year as Chair, for her counsel, support and good grace.



Dr. Cathy Kezelman AM

President

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DIRECTORS' REPORT

1. Directors

Marie Claire Cheron Sauer

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, 1800RESPECT 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.

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 Company Directors (AICD) and a 2012 Churchill Fellow.

Dr Catherine Kezelman AM

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*.

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DIRECTORS' REPORT

Simon Cole - resigned 1/12/17

BA, MArt (Admin), JD

Simon Cole is a survivor and a lawyer who has helped many other survivors to seek compensation and justice for past abuse. The Child Abuse Royal Commission has increased social awareness of the damage and financial cost to society of childhood trauma. Simon is committed to improving the quality of justice for survivors seeking just compensation, restitution and healing. Simon believes the relationship between personal injury lawyers and survivors can be improved through professional legal training. In a previous career, Simon worked in Government and in trade unions. He has experience in juvenile justice and employment law. As a Senior Policy Adviser to NSW Government Ministers, Simon worked in policy development and to improve the access of community organisations to Government decision-making.

Elana Cohen

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

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

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.

Anita Prabhu Resigned 12/10/17

Executive MBA (AGSM), General Manager Program (AGSM)

Anita is a business development specialist with over 30 years' experience having held Senior Management roles in the Education, Art, Travel, Retail and IT sectors. She most recently held the role of the Corporate Development Manager at Australian Catholic University (executive education) and over the last 34 years has served on community committees and within her own professional area of IT to improve working conditions for Women through Directorship of the Women's Board at the Australian Computer Society. Her extensive background in NGO and Fundraising includes World Vision, the Konkani Association of Australia, the Art Gallery of NSW and the Contempo Committee where she served as Treasurer. Anita has first-hand experience as a volunteer with the Indo Dutch Project for Child Welfare in India where she worked tirelessly to improve the outcomes for families and communities affected by traumatic events.

Belinda Johnson

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

Special Responsibilities: Chairperson

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 micros and SME. Belinda holds a Bachelor of Business (Accounting) from UWS and a Certificate in Governance Practice with the Governance Institute of Australia.

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DIRECTORS' REPORT

Angela McKenzie - Mountain

BA Acc, CPA, CIMA

Special Responsibilities: Treasurer

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

Special Responsibilities: Company Secretary

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.

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 Company Directors (GAICD) and is a member of the Urban Land Institute's Sydney District Council.

Adrian Heath Resigned 19/4/18

Grad Cert Adult Ed Training, HND Business & Finance

Adrian is a leadership speaker, facilitator, coach and consultant. He is a director of Evolution Learning. He has eighteen years of knowledge and experience developing, conducting and leading successful development and transformation programs for major corporations across Australasia, Asia and Oceania.

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DIRECTORS' REPORT

2. Principal activities

The principal activities of the Company during the financial year were the operation of a company offering support to adult survivors of childhood trauma.

3. Dividends

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

4. Review of operations

Operating revenue

The Company's revenue for the financial year was \$2,910,038 (2017: \$2,313,320).

Operating result

The operating surplus for the financial year was \$591,751 (2017: \$450,720).

Significant changes in state of affairs

There were no significant changes in the nature of the Company'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 Company;
- (ii) the results of those operations; or
- (iii) the state of affairs of the Company in subsequent years.

6. Likely developments and expected results of operations

The Company will continue to actively support adult survivors of childhood trauma. Likely developments in the operations of the Company 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 Company.

7. Environment regulation

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

8. Company secretary

At the date of this report, the position of Company Secretary was held by Terry Kirkpatrick.

9. President

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

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DIRECTORS' REPORT

10. Meetings of directors

During the financial year 2017/2018, six face-to-face meetings of Directors were held. These meetings occurred on 12 August 2017, 21 October 2017, 25 November 2017, 1 March 2018, 21 April 2018 and 16 June 2018.

The number of meetings of the Company's board of directors held during the year ended 30 June 2018 and the number of meetings attended by each Director were:

Director	Board of Directors	
	Meetings eligible to attend	Meetings attended
Cathy Kezelman	6	6
Belinda Johnson	6	6
Marie Clarie Cheron Saucer	5	3
Terry Kirkpatrick	6	5
Angela Mckenzie Mountain	6	5
Clare Hallam	6	4
Adrian Heath	3	3
Anita Prabhu	2	2
Elana Cohen	6	5
Sharon Rockell	6	3
Simon Cole	2	1
Belinda Bentley	1	1

11. Loans to directors and executives

There were no loans to directors and executives during the year ended 30 June 2018.

12. Indemnification and Insurance of officers and auditors

The Company has paid a premium to insure the directors and secretary of the Company 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 Company, other than conduct involving a wilful breach of duty in relation to the Company. 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 Company.

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

For and on behalf of the Board



Dr. Catherine Kezelman AM
Director

Date: 1 November 2018

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue			
Government grants		920,234	1,087,865
Donations	12	54,660	102,196
Fundraising income	12	18,909	17,000
Workshop income		1,469,570	1,003,661
Other	3	446,665	102,598
Total Revenue		2,910,038	2,313,320
Expenses			
Expenditure supporting fundraising activities	12	65,406	19,300
Expenditure supporting grant activities		1,222,087	911,829
Expenditure supporting Blue Knot Foundation services		32,188	13,676
Expenditure to support workshops		391,997	618,476
Administrative expenses		606,609	299,319
Total Expenses		2,318,287	1,862,600
Surplus before income tax		591,751	450,720
Income tax expense	1 (d)	-	-
Surplus for the year		591,751	450,720
Surplus attributable to members of the Company		591,751	450,720
Other comprehensive income		-	-
Total other comprehensive income attributable to members of the Company		-	-
Total comprehensive income for the year		591,751	450,720

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018	2017
		\$	\$
Current assets			
Cash and cash equivalents	4	1,792,651	1,388,454
Trade and other receivables	5	417,578	85,062
Other assets		18,389	29,068
Total current assets		<u>2,228,618</u>	<u>1,502,584</u>
Non-current assets			
Property, plant and equipment	6	3,591	5,828
Total non-current assets		<u>3,591</u>	<u>5,828</u>
Total assets		<u>2,232,209</u>	<u>1,508,412</u>
Current liabilities			
Trade and other payables	7	134,883	45,051
Provisions	9	52,734	50,269
Other liabilities	8	247,307	209,868
Total current liabilities		<u>434,924</u>	<u>305,188</u>
Non-current liabilities			
Provisions	9	21,249	18,939
Total non-current liabilities		<u>21,249</u>	<u>18,939</u>
Total liabilities		<u>456,173</u>	<u>324,127</u>
Net assets		<u>1,776,036</u>	<u>1,184,285</u>
Equity			
Retained surplus		1,776,036	1,184,285
Total equity		<u>1,776,036</u>	<u>1,184,285</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 2018

2017	Retained surplus	Total
	\$	\$
Balance at 1 July 2016	733,565	733,565
Comprehensive income		
Surplus for the year	450,720	450,720
Other comprehensive income for the year	-	-
Total comprehensive income for the year attributable to the members of the Company	450,720	450,720
Balance at 30 June 2017	<u>1,184,285</u>	<u>1,184,285</u>
2018		
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 Company	591,751	591,751
Balance at 30 June 2018	<u>1,776,036</u>	<u>1,776,036</u>

The accompanying notes form part of these financial statements.

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018	2017
		\$	\$
Cash flows from operating activities			
Receipts from customers and other contributions		2,875,993	2,389,123
Payments to suppliers and employees		(2,494,075)	(2,098,574)
Interest received		<u>22,279</u>	<u>15,510</u>
Net cash generated from operating activities	11	<u>404,197</u>	<u>306,059</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			
Cash and cash equivalents at the beginning of the financial year		<u>404,197</u>	<u>306,059</u>
Cash and cash equivalents at the end of the financial year	4	<u>1,388,454</u>	<u>1,082,395</u>

The accompanying notes form part of these financial statements.

BLUE KNOT FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

The financial report covers Blue Knot Foundation (“the Company”) 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 November 2018 by the directors of the Company. The Directors have the power to amend and reissue the financial report.

Basis of Preparation

The directors have prepared the financial statements on the basis that the Company 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 Company 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, 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.

1. 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 Company'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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

A liability is classified as current when: it is either expected to be settled in the Company'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.

c. Revenue

Government grants

When grant revenue is received whereby the Company 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 Company 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 Company 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 Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

e. Provisions

Provisions are recognised when the Company 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.

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 Company 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

j. Financial instruments

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

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

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

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

i. Held-to-maturity investments

Held –to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

iii. Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in the statement of profit or loss.

iv. Financial liabilities

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

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

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. Adoption of new and revised accounting standards

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

There are no standards that have impacted the recognition, measurement and disclosure of transactions.

m. New accounting standards and interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has not assessed the impact of the adoption of these Accounting Standards and Interpretations on the financial performance and position and thus, has decided not to early adopt these standards.

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

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

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The main changes introduced by the new Standard 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 Company to acquire or construct a recognisable non-financial asset that is to be controlled by the Company) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the Company satisfies its obligations under the transfer.

The transitional provisions of this Standard permit a Company to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the Company has recognised all of the income in accordance with *AASB 1004 Contributions*.

The Directors have not assessed the impact of AASB 1058 and have decided not to early adopt this standard.

- **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.

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The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with *AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Directors have not assessed the impact of AASB 16 and have decided not to early adopt this standard.

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018)

The Standard will be applicable retrospectively includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application of include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The Directors have not assessed the impact of AASB 9 and have decided not to early adopt this standard.

2. 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 Company.

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 2018

	2018	2017
	\$	\$
3. Other revenue		
Consulting and supervision services	395,593	64,646
Grants – State	10,000	2,000
Sundry income	41,072	35,952
	446,665	102,598
4. Cash and cash equivalents		
Cash and cash equivalents	1,792,651	1,388,454
	1,792,651	1,388,454
5. Trade receivables		
Trade receivables	417,578	85,062
	417,578	85,062
6. 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	(28,311)	(21,003)
Depreciation charge for the year	(2,237)	(7,308)
Closing balance	(30,548)	(28,311)
Net book value	3,591	5,828

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
7. Trade and other payables		
Trade payables	130,880	41,789
Other payables	4,003	3,262
	134,883	45,051
8. Other liabilities		
Other payables	247,307	209,868
	247,307	209,868
9. Provisions		
CURRENT		
Provision for annual leave	52,734	50,269
	52,734	50,269
NON-CURRENT		
Provision for long service leave	21,249	18,939
	21,249	18,939
10. Auditor's Remuneration		
Remuneration of the auditor of the Company, MGI Sydney for:		
- Auditing or reviewing the financial statements	6,000	6,000
- Other services	8,000	4,000
	14,000	10,000

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

11. Cash flow reconciliation

	2018	2017
	\$	\$
Net current year surplus	591,751	450,720
<i>Adjusted for:</i>		
Non-cash items:		
Depreciation	2,237	7,308
Change in assets and liabilities:		
Decrease/(increase) in trade and other receivables	(332,516)	14,042
Decrease/(increase) in prepayments	10,678	(1,485)
Increase/(decrease) in trade payables and provisions	94,608	(182,029)
Increase/(decrease) in other creditors	37,439	17,503
Cash flow from operations	404,197	306,059

12. 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:

	2018	2017
	\$	\$
Blue Knot Day	-	143
Other	8,163	99,753
	8,163	99,896
Donations revenue	54,660	102,196
Fundraising revenue	18,909	17,000
Less: fundraising expenses	(65,406)	(19,300)
	8,163	99,896
Ratio of expense to revenue	89%	16%
Ratio of net surplus to revenue	11%	84%

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

13. Members' guarantees

The Company is incorporated under the *Australian Charities and Not-for-Profits Commission* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the Company. At 30 June 2018, the number of members was 1,689 (2017: 1,564).

14. Related Parties

(a) Transactions with related parties

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

The Company has engaged Balac Pty Limited ATF CB Family Trust T/A Accounting Logic to provide financial management services for the Company. 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 \$43,555 (excl. GST) (2017: \$41,676).

(b) Key management personnel disclosures

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

The Directors of Blue Knot Foundation during the year were M. Cheron-Saucer, Dr. C. Kezelman, S. Cole, E. Cohen, C. Hallam, S. Rockell, A. Prabhu, B. Johnson, A. McKenzie-Mountain, T. Kirkpatrick, B. Bentley and A. Heath. Dr. C. 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 company.

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

	2018	2017
	\$	\$
Key management personnel compensation	147,825	138,700
	147,825	138,700

**BLUE KNOT FOUNDATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

15. 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 Company, the result of those operations, the state of affairs of the Company in future financial years.

16. Contingences

In the opinion of the Directors', the Company did not have any contingencies at 30 June 2018 (30 June 2017: Nil).

17. Company details

The registered office and principal place of business is:

Centre in the Park
2A Montpelier Street
NEUTRAL BAY, NSW, 2089

**BLUE KNOT FOUNDATION
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**DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2018**

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 2018 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.



Dr. Catherine Kezelman AM

Director

Date: 1 November 2018

**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 2018**

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 2018.
- (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 2018.
- (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 2017 and 30 June 2018.
- (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: 1 November 2018



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 2018, 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 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1, 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 2018, 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 2018, 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 2018 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, 01 November 2018