

Transplant Australia Limited
Financial Statements
For the Year Ended 31 December 2019
ABN: 39 107 428 615



Responsible Entities Report

The Responsible Entities of Transplant Australia Limited (“the Company”) submit herewith the annual financial report of the Company for the year ended 31 December 2019 and the Independent Audit Report thereon:

Responsible Entities

The following persons were Responsible Entities of the Company during or since the end of the financial year.

Mr Jason Ryan (Chairman)

Mr Christopher D. Thomas (Chief Executive Officer)

Professor Jeremy Chapman AC

Professor Richard D. Allen

Ms Holly Tyrrell

Mr James Reilly

Ms Lisa Gavin

Company Secretary

Ms Lisa Gavin

Information on Responsible Entities

Information on Responsible Entities holding office at the date of this report:

	Tertiary Qualifications	Experience/Area of Expertise	Special Responsibilities
Jason Ryan	LLB	Business Law, Commercial Strategy, Corporate Governance	Chairman
Professor Jeremy Chapman AC	MB BCHIR MD FRACP FRCP	Transplant Physician	Medical Advisor
Lisa Gavin	Bachelor of Economics majoring in accounting and economics (University of Sydney), Fellow of the Institute of Chartered Accountants in Australia, Graduate Diploma in Applied Finance and Investment from Financial Services Institute of Australasia (FINSIA), Graduate of the Australian Institute of Company Directors (GAICD).	Governance, Finance, People leadership	Company Secretary
Holly Tyrrell	Advanced Diploma in Business (Sport Marketing)	Sport Management, Marketing and Member Services	
Christopher Thomas	Post-Graduate Diploma in Management Macquarie Graduate School of Management	Management Marketing Communications	Chief Executive Officer
Professor Richard Allen	MB, BS	Professor of Transplant Surgery	Advocacy and ATCC
James Reilly	Dip of Aeronautics, BBus	Global corporate communications, Financial markets	

Principal Activities

The Company operates to raise awareness of the need for organ and tissue donation and provide support and sporting programs for members in Australia.

There have been no significant changes in the nature of these activities during the year.

Short-Term Objectives

The company's short-term objectives are to:

- Develop programs to increase participation in sports and activity by transplant recipients.
- Increase the awareness of Transplant Australia in the hospital setting thereby introducing new people to our membership base.
- Provide support to those waiting for a transplant, recipients, donor families and living donors.
- Develop and improve our signature event, The Australian Transplant Games.
- Advocate for an improved and more accessible organ donor register.
- Increase the organisations' touch points in the community particularly in the multicultural and indigenous communities.

Long-Term Objectives

The company's long-term objectives are to:

- Increase the number of people on Organ Donor Register, increasing its importance so that it becomes the community norm that a registered person will become an organ donor if medically suitable.
- Provide pre and post-operative support to recipients, especially children and those most vulnerable.

- Work with government and other relevant bodies to improve organ donation rates in Australia and improved clinical processes.
- Advocate for a change in the law so that First Person Consent becomes the norm in Australia.

Strategy for Meeting Objectives

To achieve those objectives the company has adopted the following strategies:

- The company continues to work closely with both State and Federal governments, and organ donor bodies to remain a relevant voice in the framing of policy with regard to organ and tissue donation. Members of the company’s board participate in a number of groups that are central to the framing of policy in this area.
- The company strives to develop close links to all staff working in the various hospital and clinical areas where the message of the importance of organ and tissue donation and the improving of consent rates needs to be reinforced. By developing these links, a pathway is created to the support networks that the company can provide.
- The company strives to maintain community contacts and links within the multicultural and indigenous communities to promote organ donation. A key to improving donation rates is to educate these sectors who for various cultural and other reasons are less likely to donate.
- Continue to provide an outlet through the Australian Transplant Games where quality of life through activity can be promoted and the members can have a forum to celebrate their second chance at life.

Responsible Entities Meetings

The number of meetings of the responsible entities held during the financial year and the number of meetings attended by each of the Responsible Entities were as follows:

	Meetings Held while a Responsible Entity	Responsible Entity Meetings Attended
Jeremy Chapman	4	3
Lisa Gavin	4	4
Christopher Thomas	4	4
Richard D Allen	4	3
Jason Ryan	4	3
Holly Tyrrell	4	4
James Reilly	4	3

Financial position

The result for the year was a loss of \$86,165 (2018: \$51,959 loss)

Contribution on Winding Up

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. At 31 December

2019, the total amount that the members of the company are liable to contribute if the company is wound up is \$888.

Auditors

A copy of the Auditors' Independence Declaration as required under s.60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is included on page 20 of this financial report and forms part of the Responsible Entity's Report.

This report is made in accordance with a resolution of the Responsible Entities dated 1 June 2020.



Mr Christopher Thomas
Responsible Entity



Mr Jason Ryan
Responsible Entity

Sydney, 1 June 2020

Financial Report

Income Statement

For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
Revenue			
Donations		145,926	117,448
Fundraising		36,543	42,580
Interest		752	2,366
Member subscriptions		7,096	8,419
Grants - Government		70,000	52,500
Sponsorships - Government		304,839	761,175
Sponsorships - Corporate and Pharmaceutical		42,000	53,880
Games		142,298	76,852
Sporting Program		3,000	1,327
Other		25,408	31,961
Total revenue		777,862	1,148,508
Expenses			
Employment and Consultants		398,955	572,467
Audit		5,500	5,000
Games		181,586	420,593
Sporting Program		1,325	7,148
Fundraising		463	4,398
Occupancy		63,497	70,212
State and Member Support		36,178	32,737
Telecommunications		12,928	15,839
Meetings and travel		2,385	9,098
Other		161,210	62,975
Total expenses		864,027	1,200,467
(Loss) before income tax expense	3	(86,165)	(51,959)
Income tax expense	2(c)	-	-
(Loss)after income tax expense		(86,165)	(51,959)
Total changes in equity	9	(86,165)	(51,959)

The Income Statement above should be read in conjunction with the accompanying notes.

Balance Sheet

As at 31 December 2019

	Notes	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	4	341,722	338,400
Trade and other receivables	5	1,903	28,902
Inventories		10,904	11,543
Total current assets		354,529	378,845
Non-current assets			
Equipment and Motor Vehicle	6	7,154	25,851
Total non-current assets		7,154	25,851
Total assets		361,683	404,696
Current liabilities			
Trade and other payables	7	111,989	80,613
Provision	8	90,692	78,916
Total current liabilities		202,681	159,529
Total liabilities		202,681	159,529
Net assets		159,002	245,167
Equity			
Retained earnings	9	159,002	245,167
Total equity		159,002	245,167

The Balance Sheet above should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
Equity at beginning of financial year		245,167	297,126
Net (loss) for the year		(86,165)	(51,959)
Equity at end of financial year	9	<u>159,002</u>	<u>245,167</u>

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

Cash Flow Statement

For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts in course of operations		780,558	1,336,157
Payments in course of operations		(777,988)	(1,376,053)
Interest received		752	2,366
Net cash inflow/(outflow) provided by operating activities	13	3,322	(37,530)
Cash flows from financing activities			
Repayment of hire purchase liability		-	(19,050)
Net cash (used) in financing activities		-	(19,050)
Net increase/(decrease) in cash and cash equivalents		3,322	(56,580)
Cash and cash equivalents at the beginning of the financial year		338,400	394,980
Cash and cash equivalents at the end of the financial year	4	341,722	338,400

The Cash Flow Statement above should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 31 December 2019

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Note 1: Company Information

The nature of the operations and principal activities of the Company are described in the Responsible Entities' Report.

The general purpose financial statements of the company have been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the Company applying not-for-profit specific requirements contained in the Australian Accounting Standards.

Transplant Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its principal place of business and registered office is as follows:

Principal place of business

Transplant Australia Limited
Lvl 2, Building 1
8 Parkview Drive
SYDNEY OLYMPIC PARK NSW 2127

Registered Office

Transplant Australia Limited
Lvl 2, Building 1
8 Parkview Drive
SYDNEY OLYMPIC PARK NSW 2127

The Financial Report of the Company for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Board of Responsible Entities dated 1 June 2020.

Note 2: Summary of Significant Accounting Policies

(a) Basis of Accounting

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

The financial report has been prepared using the historical cost basis.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous period. Comparative information is re-classified where appropriate to enhance comparability.

Accounting Standards issued but not yet effective and have not been adopted early by the company

A number of new and revised standards have been issued but are not yet effective and have not been adopted early by the company. The Board of Responsible Entities are currently assessing the impact such standards will have on the company.

(b) Equipment

Cost

All classes of equipment are measured at cost less accumulated depreciation.

Depreciation

Depreciation is provided in order to write-off the net cost or revalued amount of each item of equipment over its expected useful life to the Company. Estimates of remaining useful lives are made on a regular basis for all assets, with annual re-assessments for major items. The expected useful life of equipment is 3 to 20 years.

(c) Income Tax

The Company is exempt from income tax as a registered charity under the Australian Charities and Not-for - Profits Commission Act 2012.

(d) Revenue Recognition/Deferred Income

Due to the nature of the Company, and in line with similar organisations, revenue from registration and affiliation fees is recognised principally on receipt by the Company.

Program income is recognised on a systematic basis over the periods necessary to match them with the related costs.

Government grants are recognised in the period to which the funding agreement relates. Government grants relating to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company, with no future related costs, are recognised as income of the period in which it becomes receivable.

(e) Cash

Cash in the balance sheet comprise cash on deposit, operating and gift fund accounts.

(f) Inventories

Inventories are measured at the lower of cost and current replacement cost and relate to promotional items purchased but unused at 31 December 2019.

(g) Payables

Payables are recognised when the Company becomes obliged to make future payments resulting from the purchases of goods and services.

(h) Employee entitlements

Annual leave and Long Service Leave

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to reporting date. Liabilities for annual leave and long service leave are recognised in Provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid based on current salaries.

(i) Goods and Services Tax

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

- (i) where the amount of GST is not recoverable from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST payable to the Australian Taxation Office is included as part of payables in Note 7 whilst the net amount of any GST refundable is included as part of receivables in Note 5.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.

(j) Disposal of Surplus

Annual Surplus

Article 10.1 of the Company's Constitution prohibits the distribution of any surplus to Members. All income must be applied solely towards the promotion of the objects of the Company.

Surplus on Liquidation

As required by the Charitable Fundraising Act 1991, the Income Tax Assessment Act 1936 as amended, Tax Ruling 2000/12 and Article 10.2 of the Company's Constitution, any assets remaining upon the winding up of the Company must be applied to the objects of the Company or purposes for which they were raised.

(k) Restricted/Unrestricted Funds

Restricted Funds are funds received or reserves held that must be spent on the purpose for which they were received or are held. They comprise:

- (a) Government funding and related interest that must be spent in accordance with the terms of a funding agreement.
- (b) Donations and bequests where the donor indicates a preference for the use to which the funds are to be used.
- (c) Donations received in response to specific purpose appeals.
- (d) Provisions for statutory entitlements due to employees.

All other funds are unrestricted in that Responsible Entities have discretion to spend them on purposes for which the charity is established.

(l) Fundraising Activities

Charitable Fundraising Act 1991: this Act and supporting Charitable Fundraising Regulation prescribe the manner in which fundraising appeals are conducted, controlled and reported in NSW. The company takes all reasonable steps to ensure that income derived from fundraising activities is done in accordance with Authority Condition 7, which is issued to the Company under section 19 of the Act.

(m) Donated Services

Various services are donated to the Company. Where a reasonable assessment can be made of the value of those services, that value is brought to account in the Income Statement.

(n) Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The value in use of the asset represents its depreciated replacement cost.

Note 3: (Loss) before Income Tax Expense

(Loss) has been determined after:

	2019	2018
	\$	\$
Charging as Expense:		
Depreciation of non-current assets:		
Equipment (note 6)	13,132	4,229
Motor vehicle (note 6)	5,565	4,240
Total depreciation expense	<u>18,697</u>	<u>8,469</u>

Note 4: Current Assets - Cash and Cash Equivalents

Cash accounts:		
Cash at bank	341,722	322,186
Term Deposit	-	16,214
Total Cash	<u>341,722</u>	<u>338,400</u>

Note 5: Current Assets – Trade and Other Receivables

Trade and other receivables		
Accounts Receivable	-	2,696
Prepayments	-	4,913
Goods and Services Tax	-	17,704
Other Receivables	1,903	3,589
Total trade and other receivables	<u>1,903</u>	<u>28,902</u>

Note 6: Non-Current Assets – Equipment & Motor Vehicle

Equipment:		
At cost	51,138	51,138
Less: Accumulated depreciation	(51,138)	(38,006)
Total Equipment	<u>-</u>	<u>13,132</u>

Note 6: Non-Current Assets – Equipment & Motor Vehicle - cont

	2019	2018
	\$	\$
Reconciliation of non-current assets		
Equipment		
Carrying amount at beginning of financial year	13,132	17,361
Additions	-	-
Disposals	-	-
Depreciation (note 14)	(13,132)	(4,229)
Carrying amount at end of financial year	-	13,132

Motor vehicle:

At cost	51,945	51,945
Less: Accumulated depreciation	(44,791)	(39,226)
Total Motor Vehicle	7,154	12,719

Reconciliation of non-current assets**Motor vehicle**

Carrying amount at beginning of financial year	12,719	16,959
Additions	-	-
Disposals	-	-
Depreciation (note 14)	(5,565)	(4,240)
Carrying amount at end of financial year	7,154	12,719
Total Equipment and Motor Vehicle	7,154	25,851

Note 7: Current Liabilities – Trade and Other Payables**Trade and other payables**

Trade Payables	14,923	34,779
Other Payables	21,660	45,834
Deferred Income	46,062	-
Goods and Services Tax	29,344	-
Total trade and other payables	111,989	80,613

Note 8: Current Liabilities – Provision

	2019	2018
	\$	\$
Provision for employee entitlements:		
Annual Leave	36,378	32,615
Long Service Leave	54,314	46,301
Total Employee Entitlements	90,692	78,916

Note 9: Equity**(a) Equity**

Retained earnings at the beginning of the financial year	245,167	297,126
Total changes in equity recognised in the Statement of Changes in Equity	(86,165)	(51,959)
Retained earnings at the end of the financial year	159,002	245,167

(b) Members' Guarantees

Pursuant to the Constitution of Transplant Australia Limited (a company limited by guarantee), every financial member has undertaken in the event of a deficiency on winding up to contribute an amount not exceeding \$2. At 31 December 2019 the total guarantees were \$888.

Note 10: Operating Lease

A non-cancellable operating lease rental is payable as follows:

Less than one year	-	61,024
Between one and five years	-	162,730
	-	223,754

The company previously leased office premises under an operating lease with a term that commenced on 1 September 2017 and was due to expire on 31 August 2022. In relation to these premises, the company had entered into a sub-lease with Kidney Health Australia whereby a portion of the premises was used by that entity. During the 2019 financial year, in an effort to reduce overheads the company, with the agreement of Kidney Health Australia surrendered the lease.

The company currently operates from premises provided by the Office of Sport on a rent free basis at Sydney Olympic Park. The current arrangement terminates on 29 June 2021.

Note 11: Responsible Entities' and Key Management Personnel Remuneration

	2019	2018
	\$	\$
Income received, or due and receivable, by Responsible Entities or Key Management Personnel from the Company	190,666	189,000
Number of Responsible Entities or Key Management Personnel in above	1	1

The Responsible Entities & Key Management Personnel to whom remuneration has been paid each held an office in the Company for all of the year at the time of payment on terms Responsible Entities resolve in accordance with the Company's Constitution.

The other Responsible Entities received no remuneration, retirement or other benefits in accordance with the Company's Constitution.

Note 12: Related Parties

Responsible Entities

The names of the Responsible Entities of the Company who have held office at any time during the financial (as at reporting date) year are:

C Thomas, J Chapman, R D Allen, J Ryan, H Tyrrell, L Gavin and J Reilly.

There were no transactions by the Company with Responsible Entities or entities under their control or significant influence other than those disclosed at Note 11.

Note 13: Reconciliation of Profit to Net Cash Inflow from Ordinary Activities

Operating activities		
Net (Loss)	(86,165)	(51,959)
Depreciation (note 6)	18,697	8,469
Change in operating assets and liabilities	70,790	5,960
Net cash inflow/(outflow) from operating activities	3,322	(37,530)

Note 14: Segment Reporting

The Company's primary segment reporting format is operating units and state committees in Australia.

Note 15: Subsequent Events

On 27 April 2020, Transplant Australia Limited signed a Memorandum of Understanding with the Living Kidney Donor Program (LKDP) whereby LKDP would merge its operations with Transplant Australia.

The Living Kidney Donor Program seeks to reduce the suffering and improve the quality of life from long term kidney disease through education, advocacy, research and support throughout the living kidney donor and transplantation process.

The activities of the Living Kidney Donor Program include:

- Increasing general and medical awareness of the benefits of living kidney donation to both recipient and donor.
- Providing first-hand knowledge to people contemplating kidney donation, through their living kidney donor support volunteer program.
- Providing living kidney donor care and practical support before, during and after the transplant procedure.
- Acting as an advocate for living kidney donors.
- Supporting research and the purchase of surgical items that may lead to better outcomes for the living kidney transplant procedure.
- Raising funds to support the activities of the association.

As at the date of this report the merger has not been completed however, as the activities of LKDP are closely aligned with those of Transplant Australia Limited the merger is seen as a positive step for the company in strengthening its ties with the transplant community.

Responsible Entities' Declaration

Year ended 31 December 2019

The responsible entities declare that in the responsible entities' opinion:

- (a) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



Mr Christopher Thomas
Responsible Entity



Mr Jason Ryan
Responsible Entity

Sydney, 1 June 2020

Chief Executive Officer's Declaration under the Charitable Fundraising Act

Year ended 31 December 2019

This declaration is made in accordance with Authority Conditions 7(4) and 7(5) issued by the Minister under Section 19 of the Charitable Fundraising Act 1991.

I, Christopher Thomas, Chief Executive Officer of Transplant Australia Limited, declare that in my opinion:

- a) The financial statements give a true and fair view of all income and expenditure of the Company with respect to fundraising appeals; and
- b) The Balance Sheet gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- c) The provisions of the Charitable Fundraising Act 1991, the Regulations under the Act and the conditions attached to the authority have been complied with; and
- d) The internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.



Mr Christopher Thomas
Chief Executive Officer

Sydney, 1 June 2020



FOSTER RAFFAN

ASSURANCE SPECIALISTS

Principal:
Douglas Wood, FCA, RCA
Associate:
George Vourantonis, RCA
Consultants:
Simon Joyce, RCA

ABN 70 766 560 849
PO Box 601
North Sydney NSW 2059
Level 6, 8 West St
North Sydney NSW 2060
Tel: (02) 8350 5850
www.fosterraffan.com.au

Auditor's Independence Declaration

To the Responsible Entities of Transplant Australia Limited

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for profits Commission Act 2012, as auditor of Transplant Australia Limited for the year ended 31 December 2019.

I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in respect of the audit.

Foster Raffan

Chartered Accountants

G D Wood, FCA

Principal

North Sydney, 1 June 2020.



FOSTER RAFFAN

ASSURANCE SPECIALISTS

Principal:
Douglas Wood, FCA, RCA
Associate:
George Vourantonis, RCA
Consultants:
Simon Joyce, RCA

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
TRANSPLANT AUSTRALIA LIMITED**

I have audited the accompanying financial report, being a general purpose financial report, of Transplant Australia Limited which comprises the balance sheet as at 31 December 2019, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the responsible entities' declaration.

In my opinion, the financial report of Transplant Australia Limited is in accordance with Division 60 of the Australian Charities and Not-for-Profits Commission Act 2012, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis of Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the responsible entities of the company, would be in the same terms if given to the responsible entities as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion

Emphasis of Matter – Basis of Accounting

I 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 responsible entities' financial reporting responsibilities under the *ACNC Act 2012*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibility of the Responsible Entities for the Financial Report

The responsible entities of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *ACNC Act* and is appropriate to meet the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The responsible entities are responsible for overseeing the registered company's financial reporting process.

Auditor's Responsibility for the Financial Report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.*
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.*
- Conclude on the appropriateness of the responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.*
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.*
- I communicate with the responsible entities regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.*

I will communicate with the responsible entities regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



FOSTER RAFFAN

Chartered Accountants



G D WOOD, FCA

Principal

North Sydney, 1 June 2020.