Poetry in Action Incorporated

Financial Report
For the year ended 31 December 2019

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Corporate Information

The Responsible Entities (Directors) present their report on Poetry in Action Incorporated (the 'Association') for the financial year ended 31 December 2019.

Directors

The names of the Directors in office at the date of this report are:

- Campbell Hudson
- Philip Offer
- Cornelia Schulze
- Tilda Sikes
- Nicholas Sweeney
- Bryce Youngman

Charity ABN details

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Auditor's Independence Declaration

To the Responsible Entities of Poetry in Action Incorporated

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Poetry in Action Incorporated for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

James Winter

James Winter
Partner – Audit & Assurance

Sydney, 30 October 2020

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 $	2018 $
Revenue from continuing operations	4	1,014,946	1,011,508
Other income		487	2,725
Cost of sales		(314,476)	(292,285)
Employee benefits expense		(598,153)	(622,396)
Marketing expense		(16,362)	(18,676)
Interest expense		(1,839)	(1,785)
Administrative expense		(106,540)	(77,445)
Depreciation expense		(1,370)	-
(Deficit)/Surplus for the year		**(23,307)**	**1,646**
Other comprehensive income		-	**-**
Total comprehensive (loss)/income for the year		**(23,307)**	**1,646**

This statement should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 31 December 2019

	Notes	2019 $	2018 $
Assets			
Current			
Cash and cash equivalents	5	150,165	176,768
Trade and other receivables	6	8,156	14,510
Total current assets		158,321	191,278
Non-current			
Property, plant and equipment	7	609	3,506
Total non-current assets		609	3,506
Total assets		**158,930**	**194,784**
Liabilities			
Current			
Trade and other payables	8	20,251	46,999
Contract liabilities	9	225,732	211,531
Provisions	10	29,148	29,148
Total current liabilities		275,131	287,678
Total liabilities		**275,131**	**287,678**
Net assets/(deficiency)		**(116,201)**	**(92,894)**
Funds			
Accumulated losses		(116,201)	(92,894)
Total funds		**(116,201)**	**(92,894)**

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Funds

For the year ended 31 December 2019

	Notes	Accumulated funds $	Total Funds $
Balance at 1 January 2018		(94,540)	(94,540)
Surplus for the year		1,646	1,646
Other comprehensive income for the year		-	-
Balance at 31 December 2018		**(92,894)**	**(92,894)**
Deficit for the year		(23,307)	(23,307)
Other comprehensive income for the year		-	-
Balance at 31 December 2019		**(116,201)**	**(116,201)**

This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Receipts from government and project funding, COVID-19 stimulus funding and donations		1,120,139	991,894
Interest received		487	2,725
Payments to suppliers and employees		(1,146,917)	(1,064,147)
Finance costs		(1,839)	(1,785)
Net cash provided by operating activities	14	**(28,130)**	**(71,313)**
Cash flows from investing activities			
Net proceeds from property, plant and equipment		1,527	-
Net cash provided by investing activities		**1,527**	**-**
Cash flows from financing activities		**-**	
Net cash from / (used in) financing activities		**-**	**-**
Net change in cash and cash equivalents held		(26,603)	(71,313)
Cash and cash equivalents at beginning of financial year		176,768	248,081
Cash and cash equivalents at end of financial year	5	**150,165**	**176,768**

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1 General information and statement of compliance

The financial report includes the financial statements and notes of Poetry in Action Incorporated (the 'Association') .

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. Poetry in Action Incorporated is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 31 December 2019 were approved and authorised for issue by the Board of Responsible Entities on 30 October 2020.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Basis of Preparation

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial report is presented in Australian dollars, which is the Association's functional and presentation currency. All values are rounded to the nearest dollar ($) unless otherwise stated.

New and revised accounting standards effective for annual periods beginning on or after 1 January 2019.

The Association has fully adopted the AASB 15, AASB 1058 and AASB 16 standards applying the modified retrospective transition method, under which the current year is prepared applying the new standards and the prior year under the old standards i.e. the comparatives are not restated.

Going concern

The financial statements indicate that the Association was in a net deficiency position of $116,201 as at 31 December 2019, The Association's cash balance as at 31 December 2019 was $150,165 and as at 23 October 2020, the cash balance has increased to $212,831. For the nine months to 30 September 2020, the Association achieved an unaudited surplus of $105,424 (including the receipt of COVID-19 stimulus funding amounts of $226,628) and was in a net deficiency position of $11,175 (unaudited) at 30 September 2020.

The Association expects to receive JobKeeper funding up until 31 March 2021 and therefore the Association expects to remain in a positive cash flow position at least until the conclusion of the JobKeeper program at 31 March 2021. Following 31 March 2021, the Association expects to be able to provide a mix of virtual and live performances and will manage its cash flows and operating costs in line with sustaining a positive cash flow and net assets position.

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities by the Association and the realisation of assets and settlement of liabilities in the ordinary course of business at amounts stated in this financial report.

The ability of the Association to continue as a going concern and to meet its debts and financial obligations as and when they fall due is dependent upon:

1. for the period to 31 March 2021, whilst the Association expects to continue to receive JobKeeper funding support, the Association continuing to manage its cash expenditure and operating costs within its available cash resources to ensure that the Association achieves a positive operating position; and

2. following the conclusion of the JobKeeper program, ensuring that the Association maintains a positive working capital position and manages expenditure and operating costs within the cash flow income that it receives.

The Directors believe the above stated factors can be achieved to ensure the Association maintains a positive net asset and working capital position at the conclusion of the JobKeeper program at 31 March 2021.

If the Association is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

As a result of the ongoing uncertainty regarding the COVID-19 pandemic and the significant impact it has had and continues to have on the arts sector, there remains significant uncertainty regarding the outlook for the arts sector and this Association for the period during which the pandemic remains.

2 Summary of accounting policies

2.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

2.2 New and amended standards adopted

The Association has applied the following standards and amendments for the first time in their annual reporting period commencing 1 January 2019:

- AASB 15 Revenue from Contracts with Customers;
- AASB 1058 Income of Not-for-Profit Entities; and
- AASB 16 Leases.

The Association has elected to adopt these new accounting standards using the modified retrospective (cumulative catch-up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2018 has not been restated.

2.3 Revenue

Revenue comprises revenue from performances, government and corporate grants, donations, and interest income. Revenue from major products and services is shown in Note 3.

Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the fund provider.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Details of the activity-specific recognition criteria are described below.

Performance revenue

Revenue from the sale of performances is recognised only when the performance has been delivered.

Government grants

A number of the Association's programs are supported by grants received from the federal, state and local governments.

Grant revenue arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the revenue is recognition based on either cost or time incurred which best reflects the transfer of control.

Income recognition policy under AASB 1058

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the Association at significantly below its fair value.

Once the asset has been recognised, the Association recognises any related liability amounts (e.g. provisions, financial liabilities, contract liabilities). Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Association gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Interest income

Interest income is recognised on an accrual basis using the effective interest method. Dividend income are recognised at the time the right to receive payment is established.

2.4 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

2.5 Property, plant and equipment

Computer, office and touring equipment

Equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Association's management.

These assets are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment. The following useful lives are applied:

Class of fixed asset	*Depreciation rate*
Computer equipment:	33%
Office furniture:	33%
Touring equipment:	33%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

2.6 Leases

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations. AASB 16 requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. The Association has does not have any leases to be recognized under the new standard.

AASB 16 defines the lease as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". Subject to the exemptions, the lessee is recognised on the balance sheet. This involves recognising a 'right-of-use' asset and a lease liability.

The only exception are short-term leases that have a remaining lease term of less than 12 months from the date of initial application (1 January 2019) and low-value leases. Lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

The lease liability is initially measured as the present value of future lease payments. The initial measurement of the right-of-use asset is based on the lease liability, with adjustments for any prepaid rents, lease incentives received and initial direct costs incurred. In subsequent periods, the lease liability is accounted for similarly to a financial liability using the effective interest method. The right-of-use asset is accounted for similarly to a purchased asset and depreciated.

Rental expenses incurred relating to operating lease payments reversed against lease liability and interest according to AASB 16.

Financial report impact of adoption of AASB 16

The following measures and practical expedients have been used on transition:

- Contracts which had previously been assessed as not containing leases under AASB 117 and associated accounting interpretations were not re-assessed on transition to AASB 16;
- a single discount rate was applied to all leases with similar characteristics;
- leases with an expiry date prior to 31 December 2019 were excluded from the statement of financial position and the lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- hindsight was used when determining the lease term where the contract contains options to extend or terminate the lease.

2.7 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost
- Fair Value Through Profit or Loss (FVTPL)
- Equity instruments at fair value through other comprehensive income (FVOCI)

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL or FVOCI):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Association's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

The Association's only financial instruments are cash and cash equivalents and receivables recognized at amortised cost.

2.8 Income taxes

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

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Association's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Association presents employee benefit obligations as current liabilities in the statement of financial position if the Association does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

2.11 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

2.12 Contract liabilities

Contract liabilities is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within twelve months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds twelve months after the reporting date or the conditions will only be satisfied more than twelve months after the reporting date, the liability is discounted and presented as non-current.

2.13 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

2.14 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

3 Revenue from continuing operations

	2019 $	2018 $
Revenue recognised from service obligation contracts		
Performance sales	841,909	801,838
Revenue recognised under AASB1058 Income of Not-for-profit Entities		
Donations and fundrasing	142,921	32,500
Government grants funding	30,116	46,750
Australia Council - Catalyst grant	-	113,420
Creative projects income	-	17,000
Total revenue from continuing operations	**1,014,946**	**1,011,508**

4 Result for the year

The result for the year has been arrived at after charging the following items

	2019 $	2018 $
Rental expense	14,135	9,972
Depreciation expense	1,370	-

5 Cash and cash equivalents

	2019 $	2018 $
Cash at bank and in hand	16,118	47,476
Short term bank deposits	134,047	129,292
Total Cash and cash equivalents	**150,165**	**176,768**

6 Trade and other receivables

	2019 $	2018 $
Trade receivables	7,386	13,740
Allowance for credit losses	(1,700)	(1,700)
Undeposited funds	2,470	2,470
Total trade and other receivables	**8,156**	**14,510**

7 Property, plant and equipment

	Computer Equipment $	Office Furniture $	Touring Equipment $	Total $
Gross carrying amount				
Balance 1 January 2019	**12,155**	**11,134**	**320**	**23,609**
Additions	-	-	-	-
Disposals	-	-	-	-
Balance 31 December 2019	**13,663**	**11,134**	**320**	**23,609**
Depreciation				
Balance 1 January 2019	**8,755**	**11,134**	**214**	**20,103**
Disposals	1,527	-	-	1,527
Depreciation	1,264		106	1,370
Balance 31 December 2019	**11,546**	**11,134**	**320**	**23,000**
Carrying amount 31 December 2018	**3,400**	**-**	**106**	**3,506**
Carrying amount 31 December 2019	**609**	**-**	**-**	**609**

8 Trade and other payables

	2019 $	2018 $
Other creditors and accrued expenses	653	9,108
GST payable	7,562	24,338
Superannuation payable	12,033	13,553
Total trade and other payables	**20,248**	**46,999**

9 Contract liabilities

	2019 $	2018 $
Deposits for future performance services	225,732	211,531
Total contract liabilities	**225,732**	**211,531**

10 Provisions

	2019 $	2018 $
Annual leave entitlements	7,973	7,953
Long service leave entitlements	21,175	21,175
Total provisions	**29,148**	**29,148**

11 Related party transactions

The Association's related parties include its key management personnel and related entities. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. The Committee members may provide personal donations to the Association.

11.1 Transactions with key management personnel

Key management of the Association are the Committee members of Poetry in Action Incorporated.
Key management personnel remuneration includes the following:

	2019 $	2018 $
Total key management personnel remuneration	**64,096**	**85,997**

12 Contingent assets and liabilities

The Association has no contingent assets nor contingent liabilities.

13 Reconciliation of cash flow from operations

	2019 $	2018 $
(Deficit)/Surplus for the year	(23,307)	1,646
Non-cash flows in (deficit)/surplus for the year:		
• depreciation	1,370	-
Changes in assets and liabilities:		
• Decrease / (increase) in trade and other receivables	6,355	(1,887)
• (Decrease) / increase in trade and other payables	(26,749)	28,380
• Increase / (Decrease) in deferred income	14,201	(102,861)
• Decrease in employee benefits provisions	-	(991)
• Decrease in prepayments	-	4,400
Net cash used in operating activities	**(28,130)**	**(71,313)**

14 Events after the reporting date

COVID-19
The ongoing financial impact of the COVID-19 pandemic on the arts sector and this Association remains uncertain for the 2021 financial year, and whilst the pandemic continues. The Board and senior management continue to manage expenditure and income prudently to respond to the ongoing uncertainty.
Refer to Note 1 regarding the Association's current financial position and regarding its going concern assessment.

No other matters.

15 Information and declarations to be furnished under the Charitable Fundraising (NSW) Act 1991

Declaration of aggregate gross income and total expenses of fundraising appeals

	2019 $	2018 $
Gross proceeds from fundraising appeals:		
Donations	142,921	32,500
Other fundraising and sponsorships	-	17,000
Less: total costs of fundraising appeals		
Fundraising expenses	-	-
Total key management personnel remuneration	**142,921**	**55,500**

The balance of fundraising income is applied to the charitable activities of the Association.

Declaration in respect of fundraising appeals

Declaration of the Board in respect of fundraising appeal pursuant to Authority Condition 7(4) of the Charitable Fundraising Act (NSW) 1991 and Regulations.

I, Bryce Youngman, Artistic Director of Poetry in Action Incorporated (the "Association") declare that in my opinion:

(a) the financial statements give a true and fair view of income and expenditure of the Association with respect to fundraising appeal activities for the financial year ended 31 December 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 31 December 2019;

(c) the provisions of the Charitable Fundraising Act (NSW) 1991 and the regulations under the Act and conditions attached to the authority holder have been complied with for the year ended 31 December 2019; and

(d) the internal controls exercised by the Association are appropriate and effective in accounting for all income received and applied by the Association from any of the fundraising appeals.

DocuSigned by:
B. Youngman
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Bryce Youngman

Dated the 30th day of October 2020

Responsible Entities' Declaration

1 In the opinion of the Directors (Responsible Entities) of Poetry in Action Incorporated:

a The financial statements and notes of Poetry in Action Incorporated are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

i Giving a true and fair view of its financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and

ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and

b There are reasonable grounds to believe that Poetry in Action Incorporated will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Responsible Entities.

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Responsible Entity
Philip Offer

DocuSigned by:

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Responsible Entity

Bryce Youngman

Dated the 30th day of October 2020

Grant Thornton

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Independent Auditor's Report

To the Members of Poetry in Action Incorporated

Report on the audit of the financial report

Opinion

We have audited the financial report of Poetry in Action Incorporated (the "Registered Entity"), which comprises the statement of financial position as at 31 December 2019, the statement of profit and loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Responsible Entities' declaration.

In our opinion, the financial report of Poetry in Action Incorporated has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* ("ACNC Act"), including:

1) giving a true and fair view of the Registered Entity's financial position as at 31 December 2019 and of its financial performance for the year then ended; and

2) complying with Australian Accounting Standards and Division 60 of 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 Registered Entity in accordance with 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 – COVID-19 and going concern

We draw attention to Note 1 Going Concern and Note 14 Events After the Reporting Date, in the financial report, which describes the circumstances relating to the material subsequent events regarding COVID-19 and the uncertainty surrounding any future potential financial impact including regarding going concern. Our opinion is not modified in relation to this matter.

Responsibilities of the Responsible Entities for the financial report

The Responsible Entities of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the ACNC Act and the Charitable Fundraising Act (NSW) 1991, and for such internal control as the Responsible Entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Registered 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity'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 Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

James Winter
Partner – Audit & Assurance

Sydney, 30 October 2020