

Northcott Innovation Limited

ABN 45 601 575 633

(A company limited by guarantee)

Annual financial report

30 June 2018

Northcott Innovation Limited

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Northcott Innovation Limited

Directors' report

For the year ended 30 June 2018

The directors present this report together with the financial report of Northcott Innovation Limited (the Company) for the financial year ended 30 June 2018 and the auditor's report thereon.

1 Directors

The directors of the Company at any time during or since the end of the financial year are:

Name and qualifications

M Briggs <i>B Comm, ACA, AGIA, MBA</i>	Chairperson and Director since September 2014
L Carpenter <i>ACMA, Grad Cert Bus Admin, CPA, MBA, MAICD, CGMA</i>	Director since May 2015
E Forsyth <i>BA (Hons), BSW(Hons), DipMgmt</i>	Director since August 2017
R Silberstein <i>LLB (Hons 1) MHL MMB BS MIP GDipLegPrac, FIPTA</i>	Director since September 2014
K Stubbs <i>BA (Hons), MA (Hons), Grad Cert, MAICD</i>	Director since September 2014

2 Company Secretary

Mr Lee Carpenter (ACMA, Grad Cert Bus Admin, CPA, MBA, MAICD, CGMA), was appointed to the position of Company Secretary in May 2015. Ms Elizabeth Forsyth was appointed as an additional Company Secretary on 1 September 2016 until 9 November 2018. Mr Martin Smith was appointed as an additional Company Secretary from 6 December 2016 until 12 January 2018. Mr Alex Varley (B.Bus, Grad Dip Urban Studies) was appointed as Company Secretary on 22 March 2018.

3 Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

	Number of Meetings	
	Attended	Held*
M Briggs	5	5
L Carpenter	5	5
R Silberstein	2	5
K Stubbs	5	5
E Forsyth	4	4

* Number of meetings held during the time the director held office during the period

4 Principal activities, objectives and strategies

The principal activity of the Company is to bring together design, innovation and technology to support the development of new products, services and solutions that will make a positive impact on the lives of people with disability. The Company also conducts and participates in research to foster improvements in mobility and accessibility for people with disability, and works with manufacturers and industry to promote and support the application of new technologies for products, services and devices that will build a more inclusive society.

Northcott Innovation Limited

Directors' report

For the year ended 30 June 2018

4 Principal activities, objectives and strategies (continued)

Long term objectives

The Company's long term objective is to help build an inclusive society where people can live the life they choose and to improve the lives of children and adults with disability through new technology, ideas and innovative thinking.

Short term objectives

The Company's short term objective is to increase inclusivity, maximise participation and expand opportunities for people with a disability. The Company will focus on enabling community understanding of the exclusion of people with a disability, and establishing collaborative relationships to develop creative solutions that will further the inclusion of people with disability.

Strategy for achieving short and long- term objectives:

In order to achieve these objectives, the Company has adopted the following strategies:

1. Generate and co-design ideas for creative solutions that will drive people towards an inclusive society.
2. Bring together people with diverse experiences and skills to enable them to think in new ways and develop ideas that will shape the future.
3. Work on initiatives that make real improvements to inclusion by the:
 - **Innovative use of equipment and technology:** design and develop innovative technology and equipment that ensures people fulfil their potential.
 - **Redesigning of services and supports:** rethink services and supports by bringing together business, government, not-for-profit and community members to design solutions to intractable social problems.
 - **Driving of social change:** drive social change in new and surprising ways, like using mobile apps to create social inclusion games.

All of this is underpinned by building capability across communities to create the change they want to see.

5 Operating and financial review

Review and results of operations

The profit for the year amounted to \$69,644 (2017: \$104,890 deficit). The surplus is predominantly the result of receiving external donations during the period and a cash donation of \$100,000 (2017: \$100,000) from the Company's parent entity, The Northcott Society.

6 Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

7 Likely developments

The Company expects to maintain the present status and level of operations.

Northcott Innovation Limited

Directors' report

For the year ended 30 June 2018

8 Environmental regulation

The Company's operations are not subject to any significant environmental regulations under Commonwealth and State legislation. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any significant breaches of those environmental requirements as they apply to the Company.

9 Indemnification and insurance of officers

Indemnification

The controlling entity, The Northcott Society, has indemnified the directors of Northcott Innovation Limited against all liabilities to another person (other than The Northcott Society or a related body corporate) that may arise from their position as directors of Northcott Innovation Limited, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the controlling entity, The Northcott Society, will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The controlling entity, The Northcott Society, paid insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts for current and former Directors and Officers of Northcott Innovation Limited.

The insurance premiums relate to:

- * Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- * Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Under the terms of the contract of insurance, further details of the insurance cover are not permitted to be disclosed.

10 Members' guarantee

Northcott Innovation Limited is incorporated in New South Wales as a company limited by guarantee. In the event of the Company being wound up, each member undertakes to contribute a maximum of \$1 for payment of the Company's liabilities. At 30 June 2018 there was 1 member (2017: 1 member) and the amount of capital that could be called up in the event of the Company being wound up is \$1 (2017: \$1).

11 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the year ended 30 June 2018.

This report is made with a resolution of the directors:



Michael Briggs
Chairman

Dated at Sydney this 13 December 2018.



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of Northcott Innovation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



Cameron Roan

Partner
Sydney

13 December 2018

Northcott Innovation Limited

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2018

<i>In AUD</i>	Note	2018 \$	2017 \$
Revenue from fundraising and donations			
- General donations		333,743	210,000
- Intercompany donations		100,000	100,000
Government grant		543,750	-
Revenue from rendering of services		289,836	130,818
Operating expenses		(715,759)	(497,926)
Administrative expenses		(34,921)	(51,627)
Grant expenses		(449,816)	-
Surplus/(Deficit) before finance income		<u>66,833</u>	<u>(108,735)</u>
Net finance income	4	<u>2,811</u>	<u>3,845</u>
Surplus/(Deficit) for the period		69,644	(104,890)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<u>69,644</u>	<u>(104,890)</u>

The notes on pages 11 to 17 are an integral part of these financial statements.

Northcott Innovation Limited
Statement of financial position
As at 30 June 2018

In AUD

	Note	2018	2017
		\$	\$
Assets			
Cash and cash equivalents	5	572,812	568,844
Trade and other receivables	6	29,829	13,535
Total current assets		<u>602,641</u>	<u>582,379</u>
Total assets		<u>602,641</u>	<u>582,379</u>
Liabilities			
Trade and other payables	7	67,113	116,495
Total current liabilities		<u>67,113</u>	<u>116,495</u>
Total liabilities		<u>67,113</u>	<u>116,495</u>
Net assets		<u>535,528</u>	<u>465,884</u>
Equity			
General accumulated funds		<u>535,528</u>	<u>465,884</u>
Net equity		<u>535,528</u>	<u>465,884</u>

The notes on pages 11 to 17 are an integral part of these financial statements.

Northcott Innovation Limited
Statement of changes in equity
For the year ended 30 June 2018

In AUD

	Total equity \$
Balance at 1 July 2016	570,774
Total comprehensive income for the year	
Deficit for the period	(104,890)
Other comprehensive income	-
Balance at 30 June 2017	<u>465,884</u>
Balance at 1 July 2017	465,884
Total comprehensive income for the year	
Surplus for the period	69,644
Other comprehensive income	-
Balance at 30 June 2018	<u>535,528</u>

The notes on pages 11 to 17 are an integral part of these financial statements.

Northcott Innovation Limited

Statement of cash flows

For the year ended 30 June 2018

In AUD

	Note	2018	2017
		\$	\$
Cash flows from operating activities			
Cash receipts from customers and donations		1,251,035	571,108
Cash paid to suppliers and employees		(1,249,878)	(534,417)
Interest received		2,811	3,845
Net cash generated by operating activities		<u>3,968</u>	<u>40,536</u>
Net increase in cash and cash equivalents		3,968	40,536
Cash and cash equivalents at beginning of period		568,844	528,308
Cash and cash equivalents at end of year	5	<u>572,812</u>	<u>568,844</u>

The notes on pages 11 to 17 are an integral part of these financial statements.

Northcott Innovation Limited

Notes to the financial statements

For the year ended 30 June 2018

1 Reporting entity

Northcott Innovation Limited (the "Company") is a not-for-profit company limited by guarantee. It is domiciled in Australia and the principal activity of the Company is to foster innovation in the development of products, services and systems which will significantly improve mobility for people with disabilities in order to help build an inclusive society.

2 Basis of preparation

(a) Statement of compliance

In the opinion of the directors, the Company is not publicly accountable. The financial statement is a tier 2 general purpose financial statement which has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

These financial statements comply with the Australian Accounting Standards - Reduced Disclosure Requirements.

(b) Basis of preparation and measurement

The financial statements have been prepared on the historical cost basis, except for other financial assets which are measured at fair value. The financial report is presented in Australian dollars, which is the Company's functional currency.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

(c) Use of estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, by the company.

(a) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income and expense is discussed in note 3(d).

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Northcott Innovation Limited

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(b) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(c) Revenue

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without cash consideration are not recognised as revenues.

(i) Rendering of services

Revenue from services rendered is recognised in the statement of profit or loss as other income in proportion to the stage of completion of the transaction at the reporting date.

Northcott Innovation Limited

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(ii) Donations

Monetary donations are recognised as the Company obtains control, normally on receipt.

Non-monetary donations include pro-bono services and are recognised at fair value of the services received.

(iii) Government grants

Government funding comprises grants for ongoing funding and specific purposes. These grants mainly relates to ADHC funding. These are recognised as income in the statement of profit or loss in the period to which the funding relates to the extent that expenditure has been incurred in accordance with the terms and conditions attaching to the funding.

(d) Finance income and expense

Finance income comprises interest income on funds invested, managed fund income distributions and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets.

(e) Income tax

In accordance with the provisions of the Income Tax Assessment Act 1997 (as amended), the Company is exempt from income tax.

(f) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Statement of Financial Position.

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

Northcott Innovation Limited

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(g) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these financial statements.

(i) AASB 9 Financial Instruments

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2019 (not-for-profit entities), with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

(iii) AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

(iv) AASB 1058 Income for Not-for-profit Entities

AASB 1058 addresses the recognition and measurement of income for not-for-profit entities. The concept of reciprocal and non-reciprocal transactions has been removed, and instead an assessment of enforceability and performance obligations is required.

AASB 1058 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time.

The Company is assessing the potential impact on its financial statements resulting from the application of AASB 1058.

Northcott Innovation Limited

Notes to the financial statements (continued)

For the year ended 30 June 2018

4 Net financing Income

In AUD

	2018	2017
Net financing income	<u>2,811</u>	<u>3,845</u>

5 Cash and cash equivalents

In AUD

	2018	2017
Cash at bank	<u>572,812</u>	<u>568,844</u>
Cash and cash equivalents in the statement of cash flows	<u>572,812</u>	<u>568,844</u>

6 Trade and other receivables

In AUD

	2018	2017
Trade receivables	-	1,984
Accrued income	28,537	4,704
Other receivables	<u>1,292</u>	<u>6,847</u>
	<u>29,829</u>	<u>13,535</u>

7 Trade and other payables

In AUD

	2018	2017
Owing to related party	35,111	109,070
Accrued expense	<u>32,002</u>	<u>7,425</u>
	<u>67,113</u>	<u>116,495</u>

Northcott Innovation Limited

Notes to the financial statements (continued)

For the year ended 30 June 2018

8 Related party

Identity of related parties

The Company has related party relationship with its parent entity and with its key management personnel, as well as Spinecare Foundation, Northcott Therapy ACT Pty Limited and Northcott Supported Living, subsidiaries of the consolidated group.

The immediate and ultimate parent entity of Northcott Innovation Limited is The Northcott Society, a company incorporated in New South Wales.

Transactions with directors

From time to time directors of Northcott Innovation Limited, or their related entities, may purchase from or supply goods and services to Northcott Innovation Limited. These dealings are on the same terms and conditions as those entered into by other Northcott Innovation Limited customers and suppliers.

During the year there were no transactions with directors of Northcott Innovation Limited or their related entities.

Key management personnel compensation

Key management personnel services are provided to Northcott Innovation Limited by The Northcott Society. No compensation expense is recognised in the current period (2017: nil).

Other related party transactions

During the year, the controlling entity, The Northcott Society provided a cash donation to the Company for \$100,000 (2017: \$100,000), which has been reflected as donations revenue within the statement of profit or loss and other comprehensive income.

During the year, the controlling entity, The Northcott Society recharged the Company for settlements of liabilities on behalf of the Company, for \$666,163 (2017: \$581,089) inclusive of GST.

9 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Northcott Innovation Limited

Notes to the financial statements (continued)

For the year ended 30 June 2018

10 Fundraising appeals conducted during the financial year

Fundraising appeals conducted during the financial year included general receiving of direct and indirect solicited donations.

<i>In AUD</i>	2018	2017
i) Result of fundraising appeals		
Gross proceeds from fundraising appeals	433,743	310,000
ii) Application of net surplus obtained from fundraising appeals		
Distributions (expenditure on direct services)	518,276	497,926
Recurrent administration expenses	31,033	51,627
	<u>549,309</u>	<u>549,553</u>

Northcott Innovation Limited

Director's declaration in respect of the fundraising appeals

I, Michael Briggs, Director of Northcott Innovation Limited declare in my opinion:

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

Dated at Sydney this 13 December 2018.



Michael Briggs
Chairman

Northcott Innovation Limited

Director's declaration

In the opinion of the directors of Northcott Innovation Limited (the Company):

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 7 to 17 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Sydney this 13 December 2018.



Michael Briggs
Chairman



Independent Auditor's Report

To the members of Northcott Innovation Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Northcott Innovation Limited (the Company).

In our opinion, the accompanying Financial Report gives a true and fair view of the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

The Financial Report comprises:

- Statement of financial position as at 30 June 2018
- 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 including a summary of significant accounting policies
 - Director's declaration in respect of fundraising appeals of the Company
- Directors' declaration

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with the auditor independence requirements of the ACNC Act 2012 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 fulfilled our other ethical responsibilities in accordance with the Code.



Other Information

Other Information is financial and non-financial information in Northcott Innovation Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.
- preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations
- implementing necessary internal control 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
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.



Undertaking an audit in accordance with Australian Auditing Standards, means exercising professional judgment and maintaining professional scepticism.

Our responsibilities include:

- identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.
- designing and performing audit procedures responsive to those risks, and obtaining 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. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- concluding on the appropriateness of the Directors' 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 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 Company to cease to continue as a going concern.
- evaluating 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.

In addition we have:

- obtained an understanding of the internal control structure for fundraising appeal activities.
- examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulation.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

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 other legal and regulatory requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- the Financial Report gives a true and fair view of the Company's financial result of fundraising appeal activities for the financial year ended 30 June 2018;
- the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2017 to 30 June 2018, in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations;
- money received as a result of fundraising appeal activities conducted during the period from 1 July 2017 to 30 June 2018 has been properly accounted for and applied in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

KPMG

Cameron Roan

Partner

Sydney

13 December 2018