



Macarthur Diversity Services Initiative Ltd

A.B.N. 35 139 742 322

FINANCIAL REPORT

For the year ended 30 June 2020



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For the year ended 30 June 2020

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DIRECTORS' REPORT

For the year ended 30 June 2020

Your directors present this report on the entity for the financial year ended 30 June 2020.

Directors

The names of each person who has been a director during the financial year and to date of this report are:

Ms Laura Maquinez (resigned 04/05/2020)

Mr Jorge Montano

Ms Mediadora Villena (resigned 04/05/2020)

Makeleta Felila (appointed 29/07/2019, resigned 08/01/2020)

Mr Alfred Colvin (stood down 27/04/2020 due to
ineligibility to be a Director after the 2019 AGM)

Mr Michael Oetsch

Mr Darren Byrnes (appointed 14/10/2019)

The directors have been in office since the start of the financial year to the date of this report unless stated otherwise.

Principal Activities

The company's main activity is to provide disability services and aged care assistance while also assisting disadvantaged and marginalised people by providing services that:

- facilitate acceptance and inclusiveness
- develop individual, family and community resilience
- build enduring relationships

The companies short-term and long term objectives are to:

- increase our capacity to support the community
- ensure our long term viability
- strengthen our partnerships with the community
- improve organisational quality, accountability and governance.

Review of operations

The total comprehensive income of the company for the financial year amounted to \$353,594 (2019: \$92,433).

The Company undertook a valuation of Land and buildings which resulted in the carrying value being greater than the valuation amount. As the land and building had be re-valued in prior periods the decline of \$280,490 has been reversed against previous re-valuation increase direct in equity.

During the year the incumbent CEO resigned the position. The Corporate Services Manager assumed acting CEO and after a Governance restructure by the Board the CEO position was dissolved and two "C" level positions were implemented, one around Service Delivery the other Corporate infrastructure. Subsequent to this the Corporate Services Manager position was renamed Chief Corporate Services Officer and a new position Chief Operations Officer was appointed with the Disability Manager being the successful applicant both reporting to the Board on a fulltime basis.

Impact assessment of COVID 19

The World Health Organisation declared COVID 19 as a global pandemic on 11 March 2020. The carrying value of all assets and liabilities are evaluated against the possible effects of COVID 19. The directors assessed that there was no material impact of COVID 19 on the 30 June 2020 financial results or financial position.

DIRECTORS' REPORT

For the year ended 30 June 2020

The company continues to assess the eligibility to government stimulus packages to assist during this time. Management is continuing to assess the impact of the pandemic and its effects on the operations. The directors note that past prudent financial management has resulted in a strong financial position with no debt. Adequate cash reserves are available to the company to assist with continued trading during this time and the directors are of the view that the company will continue as a going concern into the foreseeable future.

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Likely developments and expected results of operations

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Events subsequent after the reporting date

The company has entered into a six months lease for 3 Cordeaux Street Campbelltown on 28 September 2020. Rent lease commencement 9 Oct 2020 for 6 months @ \$6,000 + GST. The company has purchased 3 Chamberlain Street property in Campbelltown post year end. The company will relocate to the new premises.

Apart from these, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Environmental regulation

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification of officers

Indemnities have been given and insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer of the Company.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Information on Directors

Mr Jorge Montano

Director

Bachelor of Science in Mechanical Engineering (BSME)

Bachelor of Science in Management and Industrial Engineering (BSME)

Master of Business Administration (MBA)

DIRECTORS' REPORT

For the year ended 30 June 2020

Director since 2019

Chartered Professional Engineer (Retired)

Mr Michael Oetsch

Director

Bachelor of Health Science (Sport and Exercise Science)

Bachelor of Commerce (Accounting)

Director since 2019

Accountant

Mr Darren Byrnes

Director

Master of Business & Technology Management

Director since 2019

Director & Proprietor of IT Software Company

Makeleta Felila

Director

Bachelor of Education (Adult Education)

Director since 2019

Multicultural Community Liaison Office

Laura Maquinez

Director

Bachelor of Science (Civil Engineering)

Director since 2019

Business Owner, Memorial and Funeral Consultant

Mediadora Villena

Director

Bachelor of Commerce (Banking & Finance)

Director since 2019

Unit Secretary, Team Assistant, Volunteer Co-ordinator

Dr Alfred Colvin

Director

Master of Education (Hons)

Bachelor of Arts (Hons)

PhD - Divisional Therapy

Director since 2019

DIRECTORS' REPORT

For the year ended 30 June 2020

Meetings of Directors

During the financial year, 11 meetings of directors (including committee meetings) were held. Attendance by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Alfred Colvin	4	3
Mr Jorge Montano	11	10
Ms Mediadora Villena	9	7
Mr Michael Oetsch	11	9
Ms Laura Maquinez	9	8
Mr Darren Byrnes (appointed)	7	7
Makeleta Felila (appointed)	4	1

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2020, the number of members were 57.

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and attached to the financial report.

Signed in accordance with a resolution of the Board of Directors.



Mr Darren Byrnes



Mr Michael Oetsch

Dated this 5th day of February 2021

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Macarthur Diversity Services Initiative Ltd

In accordance with the requirements of section 60-40 *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor of Macarthur Diversity Services Initiative Ltd for the year ended 30 June 2020, 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 relation to the audit.

Kelly Partners (South West Sydney) Partnership



Daniel Kuchta

Registered Auditor Number 335565

Campbelltown

Dated this 5th day of February 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue	2	5,974,185	5,888,852
Other income	2	229,259	712
Employee benefits expense		(4,475,036)	(4,163,513)
Depreciation expense		(148,270)	(141,823)
Finance costs		(5,596)	(13,353)
Other expenses	3	(1,220,948)	(1,478,442)
Surplus before income tax		353,594	92,433
Income tax expense	1(j)	-	-
Surplus for the year		353,594	92,433
Other comprehensive income for the year net of tax			
Revaluation decrement of land and building	7a	(280,490)	-
Total comprehensive income for the year		73,104	92,433

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	4	2,093,111	341,747
Trade and other receivables	5	277,052	132,872
Other assets	6	49,032	67,721
Total current assets		2,419,194	542,340
Non-current assets			
Financial assets	6	7,500	7,500
Property, plant and equipment	7	2,943,867	3,188,419
Total non-current assets		2,951,367	3,195,919
Total assets		5,370,561	3,738,259
Current liabilities			
Trade and other payables	8	424,422	669,439
Contract liability	8	1,772,955	-
Financial liabilities	9	-	39,532
Employee Benefits	10	494,027	378,667
Total current liabilities		2,691,404	1,087,638
Non-current liabilities			
Financial liabilities	9	-	47,583
Employee Benefits	10	6,448	3,433
Total non-current liabilities		6,448	51,016
Total liabilities		2,697,852	1,138,654
Net assets		2,672,709	2,599,605
Equity			
Retained surplus		2,224,386	1,870,792
Reserves	11	448,323	728,813
Total equity		2,672,709	2,599,605

The accompanying notes from part of this final report

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Reserves	Retained Surplus	Total
Balance at 1 July 2018	728,813	1,778,359	2,507,172
Surplus for the year	-	92,433	92,433
			-
Total Comprehensive income for the year	-	92,433	92,433
Balance at 30 June 2019	728,813	1,870,792	2,599,605
Surplus for the year	-	353,594	353,594
Revaluation decrement of land & building	(280,490)	-	(280,490)
			-
Total Comprehensive income for the year	(280,490)	353,594	73,104
Balance at 30 June 2020	448,323	2,224,386	2,672,709

STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from members, grants and participants		6,277,414	6,619,419
Payments to suppliers and employees		(4,274,665)	(6,239,185)
Finance cost paid		(5,596)	(13,353)
Interest received		1,399	2,181
Net cash provided by operating activities		1,998,551	369,062
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		7,135	6,211
Purchase of property, plant and equipment		(167,207)	(134,193)
Net cash used in investing activities		(160,071)	(127,982)
Cash flows from financing activities			
Repayment of financial liabilities		(87,115)	(168,057)
Net cash used in financing activities		(87,115)	(168,057)
Net increase/(decrease) in cash held		1,751,365	73,023
Cash and cash equivalents at the beginning of year		341,747	268,724
Cash and cash equivalents at end of year	12a	2,093,111	341,747

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Macarthur Diversity Services Initiative Ltd applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amount presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Revenue

The Entity has applied AASB 15 : Revenue from Contracts with Customers (AASB 15) and AASB 1058 : Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118 : Revenue and AASB 1004 : Contributions . The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed in further in Note 1.

In the current year

Operating Grants, Donations and Bequests

When the entity receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Entity:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

Contributed Assets

The entity receives assets from the government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138).

On initial recognition of an asset, the Entity recognises related amounts being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer.

The Entity recognises income immediately in profit or loss as the difference between initial carrying amount of the asset and the related amounts.

Interest Income

Interest income is recognised using the effective interest method.

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

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

In the comparative period

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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

Macarthur Diversity Services Initiative Limited received non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the profit or loss.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and any impairment losses.

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors' conduct assessments to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and equipment that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated over their useful lives to the economic entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Property, Plant and Equipment (Continued)

Class of Fixed Asset	Depreciation Rate
Office equipment	10% - 33.33%
Furniture and fittings	7.50% - 10%
Computer equipment	20% - 33.33%
Motor vehicles	25%
Leasehold improvements	20% - 33.33%
Building	2.5%

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(c) Leases

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Leases (continued)

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(d) Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to the profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in *AASB 15: Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which *AASB 3: Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments (Continued)

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristic of the financial asset; and
- the business model for managing financial assets.

A financial asset that meets the following conditions is subsequently measure at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principle and interest on the principal amount outstanding on specified dates.

A financial asset that meets following conditions is subsequently measured at fair value through other comprehensive income:

- the contract terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flow collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured as fair value through profit or loss.

The entity initially designates a financial instrument as measured as fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (other referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contact that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contact.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contact is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments (Continued)

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual right to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flow from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss.

Impairment

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit and loss; and
- financial guarantee contracts that are not measured at fair value through profit and loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contracted cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity uses the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification

General approach

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments (Continued)

Simplified Approach

The simplified approach does not require tracking of change in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various date to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(e) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Employee Benefits

Short-term employee benefits

Provision is made for the entity's obligation for 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 annual reporting period in which the employees render the related service, including wages, salaries, annual leave and long service leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The entity's obligation for short-term employee benefits such as wages, salaries, annual leave and long service leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The entity classifies employee's long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the entity's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, duration of service and employee departures, and are discounted at rates determined by reference to market yield at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The entity's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Trade and Other Debtors

Trade and other debtors include amounts due from members as well as amounts receivable from customers for services delivered. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Goods & Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis, except for the GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in the receipts from customers or payments to suppliers.

(j) Income Tax

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

(k) Comparative Figures

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

(l) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Critical Accounting Estimates and Judgments

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

Key estimates

The freehold land and building at 32 Lithgow Street, Campbelltown was independently valued at 21 August 2020 by Macarthur Valuations. The valuation was based on the current market value with vacant possession. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

The freehold land and buildings at 125 and 127 Dumaresq Street, Campbelltown were independently appraised on 22 July 2020 by Property People. The valuation was based on the current market value and zoning and development potential. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the position in a rezoned area for greater density and recent sales data for similar properties.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Critical Accounting Estimates and Judgments (continued)

Key judgments

At 30 June 2020, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers and do not believe there has been a significant change in the assumptions. The directors therefore believe the carrying amount of the land and buildings correctly reflects the fair value less cost to sell at 30 June 2020.

Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

(n) Economic Dependence

Macarthur Diversity Services Initiative Limited is dependent on the various government departments for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors have no reason to believe the various government departments will not continue to support the company.

(o) Fair Value of Assets

The entity measures its land and buildings at fair value.

"Fair value" is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New and Amended Accounting Standards Adopted by the Entity

Initial application of AASB 16

The ground floor shop lease (Shop 18) expired on 30 June 2020 and was not renewed and has been vacated.

The lease for suite 3.0 Level 3 171-179 Queen Street, Campbelltown expired on 31 July 2020 and was not renewed and has been vacated.

12/55 Newton Road, Wetherill Park commitment is non-cancellable operating lease, commencing 01 July 2020, with a two-year term. Increase in lease commitments may occur in line with a fixed increase of 3.5% or CPI, whichever is greater. This lease has not yet been capitalised in the financial statements.

The following practical expedients have been used by the entity in applying AASB 16 for the first time:

- a. leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for as short-term leases;
- b. Low value assets under \$10k individually are excluded from lease calculations

As the result of the practical expedients applied above, there are no transitional and reporting date impact of the application of AASB 16 leases on the financial report.

	\$
Operating lease commitments at 30 June 2019	267,940
Practical expedients applied	(267,940)
Lease commencement at 1 July 2019	-
Lease liabilities recognised at 1 July 2019	-

Initial application of AASB 15 and AASB 1058

The Entity has applied AASB 15 : Revenue from Contracts with Customers and AASB 1058 : Income of Not-for-Profit Entities using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118 : Revenue and AASB 1004 : Contributions.

There are no other transitional impact of the application of the revenue standard on the statement of financial position, statement of profit or loss and other comprehensive income and cashflows of the entity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
NOTE 2 REVENUE AND OTHER INCOME			
Revenue			
Provision for Services		5,592,928	5,593,196
Café sales		-	15,412
Membership fees		280	300
Participant's fees		95,418	105,057
Rent and utilities hire		211,349	134,499
Interest received- other revenue		1,399	2,181
Other operating revenue		72,811	38,207
		5,974,185	5,888,852
Other Income			
Profit on sale of assets		24,136	712
Covid-19 stimulus- cashflow boost		100,000	-
Other Covid-19 support and Bushfire relief		105,123	-
		229,259	712
		6,203,443	5,889,564
NOTE 3 EXPENSES			
Other Expenses			
Bus hire		31,992	37,310
Computer expenses		73,830	61,872
Insurance		27,762	29,170
Motor vehicle expenses		58,976	57,064
Office cleaning		51,687	47,409
Printing, postage and stationery		30,290	29,753
Program costs		211,665	579,886
Rental expense on operating lease		349,520	246,217
Telephone		35,147	33,546
Training		34,471	39,525
Travel expense		76,022	83,421
Other expenses		239,587	233,270
		1,220,948	1,478,443
NOTE 4 CASH AND CASH EQUIVALENTS			
Current			
Cash on hand		3,000	3,000
Cash at bank		2,090,111	338,747
		2,093,111	341,747

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
NOTE 5 TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables		186,028	99,028
Other receivables		91,023	33,844
		277,052	132,872
NOTE 6 OTHER ASSETS			
Current			
Prepayments		49,032	67,721
		49,032	67,721
Non Current- Financial Assets at Amortised cost			
Term deposit		7,500	7,500
		7,500	7,500
NOTE 7 PROPERTY, PLANT AND EQUIPMENT			
Land & buildings at valuation		2,590,000	2,891,556
Less accumulated depreciation		-	(3,644)
		2,590,000	2,887,912
Plant & equipment at cost		118,195	106,956
Less accumulated depreciation		(84,022)	(59,791)
		34,173	47,165
Furniture & fixtures at cost		54,769	54,769
Less accumulated depreciation		(39,473)	(34,903)
		15,296	19,866
Computer equipment at cost		270,684	195,444
Less accumulated depreciation		(135,032)	(90,517)
		135,652	104,927
Motor vehicles at cost		398,889	385,059
Less accumulated depreciation		(277,456)	(289,552)
		121,434	95,507
Leasehold improvements at cost		118,205	92,764
Less accumulated depreciation		(70,892)	(59,722)
		47,313	33,042
Total property, plant and equipment		2,943,867	3,188,419

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
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NOTE 7 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Movements in carrying amounts

	Land & Buildings	Plant & Equipment	Furniture & Fittings	Computer Equipment	Motor Vehicle	Leasehold Improv.	Total
Balance at 1.7.19	2,887,912	47,165	19,866	104,927	95,507	33,042	3,188,419
Additions	7,916	11,556	-	75,240	87,528	2,241	184,479
Transfer between class	(22,427)	-	-	-	-	22,427	-
Disposals	-	(272)	-	-	-	-	(272)
Depreciation expense	(2,910)	(24,276)	(4,570)	(44,515)	(61,601)	(10,397)	(148,270)
Revaluation	(280,490)	-	-	-	-	-	(280,490)
Balance at 30.6.20	2,590,000	34,173	15,296	135,652	121,434	47,313	2,943,867

NOTE 8 TRADE AND OTHER PAYABLES

Current

Trade payables	100,637	72,568
Grants received in advance	-	411,579
Other payables and accruals	323,785	185,292
	424,422	669,439

Contract Liabilities

Grants received in advance	1,772,955	-
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NOTE 9 FINANCIAL LIABILITIES

Current

Hire purchase liability	-	39,532
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Non Current

Bank loan	-	30,386
Hire purchase liability	-	17,197
	-	47,583

Movements

Opening balance	87,115
Interest and finance charge	3,597
Repayments of borrowing principal	(87,115)
Repayments of borrowing interest/finance	(3,597)
Closing balance	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
NOTE 10 EMPLOYEE BENEFITS			
Current			
Provision for long service leave		278,699	213,287
Provision for annual leave		215,328	165,380
		<u>494,027</u>	<u>378,667</u>
Non-current			
Provision for long service leave		<u>6,448</u>	<u>3,433</u>
Total employee benefits		<u>500,475</u>	<u>382,100</u>
Movements			
Opening balance		382,100	
Additional provision		118,375	
Provision utilised		-	
Closing balance		<u>500,475</u>	
NOTE 11 RESERVES			
Gain on revaluation of 32 Lithgow St, Campbelltown.		334,482	334,482
Gain on revaluation of 127 Dumaresq St, Campbelltown.		58,845	192,274
Gain on revaluation of 125 Dumaresq St, Campbelltown.		54,996	202,057
		<u>448,323</u>	<u>728,813</u>
NOTE 12 CASH FLOW INFORMATION			
(a) Reconciliation of cash			
Cash on hand		3,000	3,000
Cash at bank		2,090,111	338,747
Cashflow statement		<u>2,093,111</u>	<u>341,747</u>
NOTE 13 CAPITAL AND LEASING COMMITMENTS			
Finance lease commitments			
Payable – minimum commercial hire purchase payments			
not later than 12 months		-	41,907
later than 12 months but not later than five years		-	17,460
later than five years		-	-
Minimum commercial hire purchase payments		<u>-</u>	<u>59,367</u>
OTHER COMMITMENT			

A deposit was paid before year end with pest inspections done for purchase of 3 Chamberlain Property in Campbelltown for \$2m. The contract was entered and settled in September 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

Note	2020	2019
	\$	\$

NOTE 14 KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel. The key management personnel are made up as follows:

Chief Executive Officer

Corporate Services Manager

The totals of remuneration paid to key management personnel (KMP), including termination pay, of the company during the year are as follows:

Key management personnel compensation	317,231	262,470
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NOTE 15 OTHER RELATED PARTY TRANSACTIONS

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated. Payments to related parties were as follows:

Patrick Vasquez (husband of Karin Vasquez) - consulting services	3,591	8,200
Linda Vasquez (daughter of Karin Vasquez) - part time employee	34,069	33,196
Thomas Jones (son of Lee-Ann Jones) - casual employee	11,839	-

The Corporate Services Manager is in a relationship with the Chairperson of the board of directors. In this regard the Board operates in compliance with the Constitution Clause 46 Conflicts of Interest, the ACNC Good Governance framework and Managing Conflicts of interest guidelines. The remuneration paid to the Corporate Services Manager is included in note 14. Risk mitigation measures have been implemented to address the conflict of interest in regards to this personal relationship. This includes the Chairperson declaring such conflict of interest at any board meetings where a conflict exists, noting in the board minutes and abstaining from any decision making in regards to the Corporate Services Manager's appointment, employment or remuneration.

During the 2020 financial year, the five board members as at December 2019 received a \$300 gift card in appreciation for their voluntary contribution to the organisation. This acknowledgment did not result in any financial gain when exchanged for hours donated.

Karin Vasquez was also a board member (chair) of the Illawarra Multicultural Service. There is a relationship between Focus Connect and Illawarra Multicultural Society in which Focus Connect are the consortium lead for the DSS contract for Emergency Relief funding. Focus Connect then transfer funds to the Illawarra Multicultural Services to provide Emergency Relief in the Illawarra. All services were provided on commercial terms.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
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NOTE 16 FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and lease liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

NOTE 16 FINANCIAL RISK MANAGEMENT (continued)

Financial assets

Financial assets at amortised cost:

Cash and cash equivalents	4	2,093,111	341,747
Loans and receivables	5	277,052	132,872
Total financial assets		2,370,162	474,619

Financial liabilities

Financial liabilities at amortised cost:

Trade and other payables	8	424,422	669,439
Borrowings	9	-	87,115
Total financial liabilities		424,422	756,554

NOTE 17 EVENTS SUBSEQUENT TO BALANCE DATE

The company has entered into a six month lease for 3 Cordeaux Street Campbelltown on 28 September 2020. Rent lease commencement 9 Oct 2020 for 6 months @ \$6,000 + GST. The company has purchased 3 Chamberlain Street property in Campbelltown post year end. The company will relocate to the new premises.

Apart from these, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

NOTE 18 SEGMENT REPORTING

The company operates predominantly in one business and geographical segment, assisting in the relief of poverty, distress and misfortune to disadvantaged and marginalised people in the Macarthur, South West Sydney and Northern Sydney areas.

NOTE 19 CONTINGENT LIABILITIES

There are no contingent liabilities at both reporting dates.

NOTE 20 FAIR VALUE MEASUREMENTS

The company has land and buildings that are measured at fair value on a recurring basis after initial recognition. The company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Non Financial assets			
Land and buildings	7	2,590,000	2,887,912

NOTE 20 FAIR VALUE MEASUREMENTS (continued)

For land and buildings, the fair values have been determined based on independent valuations based on a market approach using recent observable market data for similar properties. Significant inputs used are price per hectare/square metre.

NOTE 21 COMPANY DETAILS

The registered office of the company and the principal place of business is:

3 Cordeaux Street

Campbelltown NSW 2560

DIRECTORS' DECLARATION

For the year ended 30 June 2020

In accordance with a resolution of the Directors of Macarthur Diversity Services Initiative Ltd, the directors of the registered entity declare that, in the directors' opinion:

1. The financial statements and notes, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and;
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements applicable to the entity; and
 - (b) give a true and fair view of the financial position of the registered entity as at 30 June 2020 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Mr Darren Byrnes



Mr Michael Oetsch

Dated this 5th day of February 2021

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF MACARTHUR DIVERSITY SERVICES INITIATIVE LTD

Opinion

We have audited the financial report of Macarthur Diversity Services Initiative Ltd which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Macarthur Diversity Services Initiative Ltd is in accordance with 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 30 June 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the 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 directors 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 directors 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude 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.

- 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 the directors 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.

Kelly Partners (South West Sydney) Partnership



Daniel Kuchta

Registered Auditor Number 335565

Campbelltown

Dated this 5th day of February 2021