Multicultural Communities Council of SA Inc

ABN 13 25 3714 844

Financial Statements - 30 June 2019

Multicultural Communities Council of SA Inc
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General information

The financial statements cover the Multicultural Communities Council of SA Inc as an individual entity. The financial statements are presented in Australian dollars, which is Multicultural Communities Council of SA Inc's functional and presentation currency.

Multicultural Communities Council of SA Inc is a not-for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business is:

113 Gilbert St, Adelaide SA 5000

The financial statements were authorised for issue on 21 October 2019.

Multicultural Communities Council of SA Inc
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	2	101,320	85,379
Other income	3	102,012	111,582
Grants received	4	1,197,624	987,707
Expenses			
Operating expenses	5	(438,680)	(460,664)
Employee benefits expense		(881,665)	(686,316)
Depreciation expense		(54,164)	(34,675)
Finance costs		(41)	(56)
Surplus for the year	14	26,406	2,957
Other comprehensive income for the year		-	-
Total comprehensive income for the year		26,406	2,957

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Multicultural Communities Council of SA Inc
Statement of financial position
As at 30 June 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	6	339,045	511,462
Trade and other receivables	7	147,825	5,843
Total current assets		486,870	517,305
Non-current assets			
Other financial assets	8	899,255	807,420
Property, plant and equipment	9	1,453,079	1,432,696
Total non-current assets		2,352,334	2,240,116
Total assets		2,839,204	2,757,421
Liabilities			
Current liabilities			
Trade and other payables	10	93,654	106,229
Employee benefits	11	115,163	79,029
Grants in advance	12	313,419	281,601
Total current liabilities		522,236	466,859
Total liabilities		522,236	466,859
Net assets		2,316,968	2,290,562
Equity			
Reserves	13	658,991	658,991
Retained surpluses	14	1,657,977	1,631,571
Total equity		2,316,968	2,290,562

The above statement of financial position should be read in conjunction with the accompanying notes

Multicultural Communities Council of SA Inc
Statement of changes in equity
For the year ended 30 June 2019

	Revaluation reserve $	Retained surpluses $	Total equity $
Balance at 1 July 2017	658,991	1,628,614	2,287,605
Surplus for the year	-	2,957	2,957
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	2,957	2,957
Balance at 30 June 2018	658,991	1,631,571	2,290,562

	Revaluation reserve $	Retained surpluses $	Total equity $
Balance at 1 July 2018	658,991	1,631,571	2,290,562
Surplus for the year	-	26,406	26,406
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	26,406	26,406
Balance at 30 June 2019	658,991	1,657,977	2,316,968

The above statement of changes in equity should be read in conjunction with the accompanying notes

Multicultural Communities Council of SA Inc
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from Commonwealth Government grants		1,290,449	1,205,350
Receipts - other		75,599	75,592
Payments to suppliers and employees		(1,389,194)	(990,566)
Interest received		17,111	18,874
Net cash from/(used in) operating activities	15	(6,035)	309,250
Cash flows from investing activities			
Payments for investments		(91,834)	(17,378)
Payments for property, plant and equipment	9	(74,548)	(152,002)
Proceeds from disposal of property, plant and equipment		-	6,000
Net cash used in investing activities		(166,382)	(163,380)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(172,417)	145,870
Cash and cash equivalents at the beginning of the financial year		511,462	365,592
Cash and cash equivalents at the end of the financial year	6	339,045	511,462

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 9 Financial Instruments became effective for periods beginning on or after 1 January 2018. Accordingly, the Association applied AASB 9 for the first time for the period ending 30 June 2019. The adoption of AASB 9 did not have a significant impact on the financial performance or position of the Association. Changes to the Association's accounting policies arising from the adoption of AASB 9 are summarised below:

AASB 9 Financial Instruments
AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets. The adoption of AASB 9 has mostly impacted the following areas:

Classification and measurement of financial assets
When adopting AASB 9, the Association's initial recognition and measurement of its financial assets remained unchanged from the prior year. The Association has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

Classification and measurement of financial liabilities
As the accounting for financial liabilities remains largely unchanged from AASB 139, the Association's financial liabilities were not impacted by the adoption of AASB 9.

Basis of preparation
In the Directors' opinion, the Association is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and South Australian legislation the Associations Incorporation Act 1985 and associated regulations. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of Multicultural Communities Council of SA Inc.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values, or current valuation of non-current assets, unless specifically stated.

Note 1. Significant accounting policies (continued)

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable by the Association for services provided.

Revenue is recognised when the amount of of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Association's different activities have been met. Details of the activity-specific recognition criteria are described below.

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

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

Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year end a liability is recognised until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Association obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Where the Association receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

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

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
As the Association is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 1. Significant accounting policies (continued)

Financial instruments
Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Association becomes party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial liabilities
The Association's financial liabilities have been subsequently measured at amortised cost.

Investments
Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Association has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The Association recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Association's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Property, plant and equipment
Land and buildings are shown at fair value based on valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Multicultural Communities Council of SA Inc
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies (continued)

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value method to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	5 years
Motor vehicle	5 years
Computer equipment	2.5 years

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. T' amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Goods and Services Tax ('GST')
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the statement of financial position.

Note 1. Significant accounting policies (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Revenue

	2019 $	2018 $
Hall hire	16,096	4,536
Membership subscriptions	8,309	3,790
Consultation fees	15,350	15,091
Bus hiring fee	38,394	33,770
Other revenue	6,060	9,318
	84,209	66,505
Other revenue		
Interest	17,111	18,874
Revenue	101,320	85,379

Note 3. Other income

	2019 $	2018 $
Net gain on disposal of property, plant and equipment	-	3,516
Asset improvement grants (capital)	102,012	108,066
Other income	102,012	111,582

Multicultural Communities Council of SA Inc
Notes to the financial statements
30 June 2019

Note 4. Grants received

	2019 $	2018 $
Administration	-	26,950
Carers Retreat	36,801	36,328
The New and Emerging Communities Youth Engagement Program	52,679	-
Community Visit	156,895	103,467
Expression Sessions	-	33,568
Food from our Homeland	-	30,000
Harmony Picnic	-	5,000
Inclusive Communities	149,946	37,351
Ageing Well	30,000	-
Knowing Your Rights	10,000	40,000
Learning from Each Other	-	2,200
Play Group	1,601	25
Reconnect	233,462	231,037
Uniting SA	19,091	
Sector Support & Advocacy	200,938	193,60[illegible]
Successful Communities	-	70,000
Cambodian Multicultural Youth New Year Program	3,020	-
Transport	168,065	165,581
Youth Engagement	114,122	12,600
Drug and Alcohol Services SA	16,900	-
Other grants received	4,104	-
	1,197,624	987,707

Note 5. Operating expenses

	2019 $	2018 $
Consulting and contracting	41,116	67,992
Programme expense	197,099	183,284
Conferences & meetings	12,531	25,877
Travel expenses	25,451	19,865
Advertising	3,590	16,03[illegible]
Cleaning	8,614	8,09[illegible]
Communication	3,079	3,301
Computer expenses	18,536	14,312
Dues and subscriptions	5,842	6,327
Events	2,839	2,587
Gas and electricity	6,632	8,478
Insurance	14,133	11,225
Motor vehicle expenses	20,131	19,986
Rates and taxes	7,984	7,055
Office supplies	7,096	3,682
Printing and reproduction	14,225	13,847
Auditing fees	8,922	18,590
Rent	10,564	7,833
Repair and maintenance	7,268	2,946
Venue hire	8,142	5,724
Other expenses	14,886	13,626
	438,680	460,664

Note 6. Current assets - cash and cash equivalents

	2019 $	2018 $
Cash on hand	500	500
Cash at bank	338,545	510,962
	339,045	511,462

Note 7. Current assets - trade and other receivables

	2019 $	2018 $
Trade receivables	147,825	5,843

Note 8. Non-current assets - other financial assets

	2019 $	2018 $
Term deposit held with Big Sky	80,221	492,658
Term deposit held with ANZ Bank	819,034	314,762
	899,255	807,420

Note 9. Non-current assets - property, plant and equipment

	2019 $	2018 $
Land and buildings - at cost	1,277,869	1,200,000
Less: Accumulated depreciation	(1,918)	-
	1,275,951	1,200,000
Building improvements - at cost	-	91,602
Plant and equipment - at cost	184,631	109,714
Less: Accumulated depreciation	(85,182)	(61,271)
	99,449	48,443
Motor vehicles - at cost	182,151	168,787
Less: Accumulated depreciation	(124,259)	(108,919)
	57,892	59,868
Computer equipment - at cost	109,834	109,834
Less: Accumulated depreciation	(90,047)	(77,051)
	19,787	32,783
	1,453,079	1,432,696

Note 9. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and building $	Building improvements $	Plant and equipment $	Motor vehicles $	Computer equipment $	Total $
Balance at 1 July 2017	1,200,000	-	54,988	15,510	47,355	1,317,853
Additions	-	91,602	4,880	51,223	4,297	152,002
Disposals	-	-	-	(2,484)	-	(2,484)
Depreciation expense	-	-	(11,425)	(4,381)	(18,869)	(34,675)
Balance at 30 June 2018	1,200,000	91,602	48,443	59,868	32,783	1,432,696
Additions	12,930	81,218	17,580	13,364	-	125,092
Transfers in/(out)	64,939	(172,820)	57,337	-	-	(50,544)
Depreciation expense	(1,918)	-	(23,911)	(15,340)	(12,996)	(54,16
Balance at 30 June 2019	1,275,951	-	99,449	57,892	19,787	1,453,079

Note 10. Current liabilities - trade and other payables

	2019 $	2018 $
Trade payables	14,290	54,526
Superannuation payable	29,084	26,697
BAS payable	45,367	24,229
Other payables	4,913	777
	93,654	106,229

Note 11. Current liabilities - employee benefits

	2019 $	2018 $
Annual leave	67,538	54,46
Long service leave	45,458	23,493
Workcover payable	2,167	1,069
	115,163	79,029

Note 12. Current liabilities - Grants in advance

	2019 $	2018 $
Disaster Resilience	43,560	-
Knowing Your Rights	-	10,000
Uniting Care	20,000	-
Play Group	-	1,602
Youth Development (UK)	32,321	-
Green Industries (Waste)	10,000	-
Youth Engage (Soccer)	-	114,121
Infrastructure	-	76,012
Inclusive Communities	-	49,946
DCSI Cultural Arts & Her	-	10,000
DASSA	-	16,900
Multi Youth NY Program	-	3,020
Core Activities Project	115,000	-
Intercultural Young Leaders	48,800	-
Active and Connected Communities	43,738	-
	313,419	281,601

Note 13. Equity - reserves

	2019 $	2018 $
Revaluation reserve	658,991	658,991

Revaluation reserve
The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Note 14. Equity - retained surpluses

	2019 $	2018 $
Retained surpluses at the beginning of the financial year	1,631,571	1,628,614
Surplus for the year	26,406	2,957
Retained surpluses at the end of the financial year	1,657,977	1,631,571

Note 15. Reconciliation of surplus to net cash from/(used in) operating activities

	2019 $	2018 $
Surplus for the year	26,406	2,957
Adjustments for:		
Depreciation and amortisation	54,164	34,675
Net gain on disposal of non-current assets	-	(3,516)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(141,982)	2,214
Increase/(decrease) in trade and other payables	(12,575)	79,291
Increase in employee benefits	36,134	19,423
Increase in grants received in advance	31,818	174,206
Net cash from/(used in) operating activities	(6,035)	309,250

Multicultural Communities Council of SA Inc
Directors' declaration
30 June 2019

In the Directors' opinion:

- the Association is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and South Australian legislation the Associations Incorporation Act 1985 and associated regulations;

- the attached financial statements and notes comply with the Accounting Standards as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Association's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

On behalf of the Directors

Miriam Cocking
Chairperson

Silvio Iadarola
Treasurer

21 October 2019

HLB MANN JUDD

AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Multicultural Communities Council of SA Inc. for the year ended 30 June 2019.

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Corey McGowan
Director

Adelaide, South Australia
22 October 2019

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Independent Auditor's Report to the Members of Multicultural Communities Council of SA Inc.

Opinion

We have audited the financial report of Multicultural Communities Council of SA Inc. ("the Association"), which comprises the balance sheet as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 the Association is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act (SA) 1985*, including:

a) giving a true and fair view of the Association's financial position as at 30 June 2019 and of its financial performance and cash flows for the year then ended; and

b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Basis 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 Association in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to Board Members, would be in the same terms if given as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act (SA) 1985.* As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA 5065 I PO Box 377, Kent Town SA 5071

T: +61 (0)8 8133 5000 I F: +61 (0)8 8431 3502 I E: reception@hlbsa.com.au

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Responsibilities of Management and Board Members for the Financial Report

Management is responsible for the preparation of the special purpose financial report that gives a true and fair view in accordance with the relevant Australian Accounting Standards in accordance with the *Australian Charities and Not-for Profits Commission Regulations 2013* and the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act (SA) 1985* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Board Members are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097
169 Fullarton Road, Dulwich SA 5065 I PO Box 377, Kent Town SA 5071
T: +61 (0)8 8133 5000 I F: +61 (0)8 8431 3502 I E: reception@hlbsa.com.au
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- Conclude on the appropriateness of the management's 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 Association'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 Association 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 Board Members 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.

We also provide the Board Members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Corey McGowan
Director

Adelaide, South Australia
22 October 2019

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