

BOARD OF MANAGEMENT'S REPORT

FLINDERS FOUNDATION INC FOR THE PERIOD ENDED 31 DECEMBER 2019

Your Board of Management submit the financial report of Flinders Foundation Inc. for the year ended 31 December 2019.

Board of Management Members

The names of the board of management members throughout the year and at the date of this report are:

Alan Young (Chairman)
Rob Saint
Andrew Krolikowski
Stephanie Ockenden
Michael Michael
Susan O'Neill
Michael Luchich (Appointed 19 Feb 2019)
Paul Teisseire (Appointed 19 Feb 2019)
Kate Thiele

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The operating surplus before grants/appropriations made for charitable purposes amounted to \$3,937,609 (2018: surplus \$1,638,237). The surplus after providing for income tax and appropriations for charitable purposes amounted to \$1,734,181 (2018: deficit of \$81,834).

Auditors Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is included in page 2 of this financial report and form part of the Board of Management's Report.

Signed in accordance with a resolution of the members of the Board of Management.



Signed at Adelaide this 30th day of June 2020

Auditor's Independence Declaration

To the Directors of Flinders Foundation Inc

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J.L. Humphrey
Partner – Audit & Assurance

Adelaide, 30 June 2020

FLINDERS FOUNDATION INC

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated Group		Parent Entity	
		12 Mths Ended 31-Dec-19 \$	18 Mths Ended 31-Dec-18 \$	12 Mths Ended 31-Dec-19 \$	18 Mths Ended 31-Dec-18 \$
Revenue	2	9,193,362	9,158,589	8,291,159	6,741,948
Cost of sales		109,176	382,915	-	-
Employee benefits expense		2,147,111	3,865,154	1,416,090	2,069,662
Depreciation and amortisation expenses		577,911	878,652	556,172	849,240
Special events		369,504	594,523	369,504	594,907
Fundraising expenses		1,072,704	258,119	1,072,704	258,119
Finance costs		349,846	349,321	349,846	347,923
Other expenses		629,501	1,191,668	673,315	927,919
Surplus/(Deficit) Before Grants		3,937,609	1,638,237	3,853,528	1,694,178
Grants Appropriated		2,203,428	1,720,071	2,243,896	1,962,085
Deficit before income tax		1,734,181	(81,834)	1,609,632	(267,907)
Income tax expense	3	-	-	-	-
Deficit for the period/year	4	1,734,181	(81,834)	1,609,632	(267,907)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period/year		1,734,181	(81,834)	1,609,632	(267,907)
Deficit attributable to members of the entity		1,734,181	(81,834)	1,609,632	(267,907)
Total comprehensive income attributable to members of the entity		1,734,181	(81,834)	1,609,632	(267,907)

The accompanying notes form part of the financial statements

FLINDERS FOUNDATION INC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Consolidated Group		Parent Entity	
		as at	as at	as at	as at
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	5	3,213,747	2,715,787	2,986,458	2,615,942
Term Deposits		550,000	3,026,928	550,000	3,026,928
Trade and other receivables	6	564,000	621,848	458,004	702,532
Inventory		17,089	-	-	-
Other current assets	7	148,561	200,721	135,961	191,162
TOTAL CURRENT ASSETS		4,493,397	6,565,284	4,130,423	6,536,564
NON-CURRENT ASSETS					
Trade and other receivables	6	777,202	673,575	777,202	673,575
Financial assets	8	14,051,568	9,855,818	14,051,570	9,855,820
Intangibles assets	9	86,000	83,863	3,445	-
Property, plant and equipment	9	23,012,639	23,167,436	22,964,925	23,108,038
TOTAL NON-CURRENT ASSETS		37,927,409	33,780,692	37,797,142	33,637,433
TOTAL ASSETS		42,420,806	40,345,976	41,927,565	40,173,997
CURRENT LIABILITIES					
Trade and other payables	10	1,114,567	1,141,979	1,240,209	1,279,857
Employee provisions	11	136,984	129,123	68,617	41,837
Contract Liabilities	12	18,841	22,979	-	-
Borrowings	13	4,748,934	-	4,655,165	-
TOTAL CURRENT LIABILITIES		6,019,326	1,294,081	5,963,991	1,321,694
NON-CURRENT LIABILITIES					
Trade and other payables	10	1,305,045	1,498,086	1,305,045	1,498,086
Employee provisions	11	5,416	1,679	-	-
Borrowings	13	110,028	4,305,320	-	4,305,320
TOTAL NON-CURRENT LIABILITIES		1,420,489	5,805,085	1,305,045	5,803,406
TOTAL LIABILITIES		7,439,815	7,099,166	7,269,036	7,125,100
NET ASSETS		34,980,991	33,246,810	34,658,529	33,048,897
TOTAL MEMBERS FUNDS					
Reserves	21	699,733	239,733	699,733	239,733
Retained earnings		34,281,258	33,007,077	33,958,796	32,809,164
TOTAL MEMBERS FUNDS		34,980,991	33,246,810	34,658,529	33,048,897

The accompanying notes form part of the financial statements

FLINDERS FOUNDATION INC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Reserves \$	Retained Earnings \$	Total \$
Consolidated Group			
Balance at 1 July 2017	264,159	33,064,485	33,328,644
Transfer between reserves	(24,426)	24,426	-
Total Surplus/(Deficit)	-	(81,834)	(81,834)
Other comprehensive income for the period	-	-	-
Balance at 31 December 2018	239,733	33,007,077	33,246,810
Transfer between reserves	460,000	(460,000)	-
Total Surplus/(Deficit)	-	1,734,181	1,734,181
Other comprehensive income for the period	-	-	-
Balance at 31 December 2019	699,733	34,281,258	34,980,991
Parent Entity			
Balance at 1 July 2017	264,159	33,052,645	33,316,804
Transfer between reserves	(24,426)	24,426	-
Total Surplus/(Deficit)	-	(267,907)	(267,907)
Other comprehensive income for the period	-	-	-
Balance at 31 December 2018	239,733	32,809,164	33,048,897
Transfer between reserves	460,000	(460,000)	-
Total Surplus/(Deficit)	-	1,609,632	1,609,632
Other comprehensive income for the period	-	-	-
Balance at 31 December 2019	699,733	33,958,796	34,658,529

The accompanying notes form part of the financial statements

FLINDERS FOUNDATION INC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated Group		Parent Entity	
		12 Mths Ended 31-Dec-19 \$	18 Mths Ended 31-Dec-18 \$	12 Mths Ended 31-Dec-19 \$	18 Mths Ended 31-Dec-18 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Consulting fees received		830,730	1,843,343	-	-
Donations received		1,539,213	1,448,815	1,539,213	1,463,315
Grants received		631,642	503,323	621,406	499,323
Bequests received		1,184,396	509,821	1,184,396	509,821
Special events		585,263	1,280,543	585,263	1,280,543
Other income received		120,556	403,135	120,556	402,205
Interest received		49,649	137,796	49,594	137,599
Dividends received		829,631	1,109,789	829,631	1,109,789
Receipts from Food & Beverage sales		46,296	744,977	-	-
Rental income (Cancer Centre)		52,726	(205,291)	56,243	(154,964)
Research and development grants		(2,245,293)	(1,777,615)	(2,285,760)	(2,019,629)
Administration expenses		(844,248)	(1,564,491)	(699,907)	(971,615)
Salaries and employee entitlements		(2,082,860)	(3,863,453)	(1,350,280)	(2,058,590)
Special events		(342,873)	(582,967)	(342,873)	(583,350)
Fundraising expenses		(1,072,704)	(258,216)	(1,072,704)	(258,216)
GST		(99,928)	(194)	(94,462)	21,367
Income tax expense		-	-	-	-
Net cash provided by operating activities		(817,804)	(270,685)	(859,684)	(622,402)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(410,162)	(72,832)	(413,059)	(11,798)
Capitalised intangibles purchased		(14,152)	(49,065)	(3,445)	-
Net (purchases)/ proceeds from sale of investments		(943,829)	(1,234,370)	(943,829)	(1,234,370)
Net cash used in investing activities		(1,368,143)	(1,356,267)	(1,360,333)	(1,246,168)
CASH FLOWS FROM FINANCING ACTIVITIES					
External Borrowings		203,797	-	-	-
Loans to subsidiaries		-	-	110,423	185,290
Net cash used in financing activities		203,797	-	110,423	185,290
NET INCREASE IN CASH HELD		(1,982,150)	(1,626,952)	(2,109,594)	(1,683,280)
CASH AT THE BEGINNING OF THE PERIOD/YEAR		5,745,897	7,372,849	5,646,052	7,329,332
CASH AT THE END OF THE PERIOD		3,763,747	5,745,897	3,536,458	5,646,052

The accompanying notes form part of the financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

NOTE 1 - PRINCIPAL ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Flinders Foundation Inc and controlled entities (the "Group"). Flinders Foundation Inc. is an association incorporated in South Australia under the Associations Incorporation Act (SA) 1985.

Basis of preparation

The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporations Act (SA)1985. The financial report was prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

The committee has determined that the association is not a reporting entity.

These financial statements do not conform with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality' and AASB 1048 'Interpretation and Application of Standards' and AASB 1054 Australian Additional Disclosures. Flinders Foundation Inc. is a not-for-profit entity for the purposes of preparing the financial statements.

The Association changed its financial year end to 31 December 2018 resulting in the prior period being 18 months compared to the comparative period of 12 months.

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

The consolidated financial statements for the period ended 31 December 2019 were approved and authorised for issue by the Board on 19 May 2020.

NOTE 1 - PRINCIPAL ACCOUNTING POLICIES (CONT)

Adoption of new and revised accounting standards

The Group has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant and effective for the Group's financial statement for the annual period beginning 1 January 2019. None of the amendments have had a significant impact on the Group.

AASB 15 Revenue from Contracts with Customers

The Group has adopted *AASB 15* from 1 January 2019. *AASB 15* replaces existing revenue recognition guidance, including *AASB 118 Revenue*, *AASB 111 Construction Contracts* and *Interpretation 13 Customer Loyalty Programmes*. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The notion of control under *AASB 15* replaces the existing notion of risks and rewards under current accounting standards. Upon adoption, there has been no material impact on the transactions and balances recognised in the financial statements.

AASB 1058 Income of Not-for-Profit Entities

The Group has adopted *AASB 1058* from 1 January 2019. *AASB 1058* clarifies and simplifies the income recognition requirements that apply to Not for Profit (NFP) entities, in conjunction with *AASB 15 Revenue from Contracts with Customers*. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in *AASB 1004 Contributions*. Under *AASB 1058*, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. *AASB 116 Property, Plant and Equipment*). Upon adoption, there has been no material impact on the transactions and balances recognised in the financial statements.

AASB 16 Leases

The Group has adopted *AASB 16* from 1 January 2019. The standard replaces *AASB 117 'Leases'* and for lessees eliminates the classifications of operating leases and finance leases. There has been no impact on the Group upon the adoption of the new standard.

NOTE 1 - PRINCIPAL ACCOUNTING POLICIES (CONT)**AASB 9 Financial Instruments**

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement.

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. For trade and other receivables and contract assets under AASB 15 the Group applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component. When adopting AASB 9, the Group has applied transitional relief and opted not to restate prior periods.

Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018. Based on the assessment by the Group, there is no cumulative effect of the initial application of AASB 9 at 1 July 2018 in accordance with the transition requirement.

	AASB 139 classification	AASB 9 classification	AASB 139 Carrying amount \$	AASB 9 Carrying amount \$
Financial assets				
Trade and other receivables	Loans and Receivables	Amortised cost	1,295,423	1,295,423
Financial Assets	FVTPL	FVTPL	9,855,818	9,855,818
Financial liabilities				
Borrowings	Amortised cost	Amortised cost	4,305,320	4,305,320
Trade and other payables ⁽ⁱ⁾	Amortised cost	Amortised cost	2,640,065	2,640,065

⁽ⁱ⁾ Borrowings and Trade and other payable classified as amortised cost under AASB 139. They are continued to be accounted for at amortised cost under AASB 9.

The financial statements 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.

(a) Basis of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 December 2019. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1 - PRINCIPAL ACCOUNTING POLICIES (CONT)

Adoption of new and revised accounting standards (Cont)

(b) **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charge or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The parent, being an association, is exempt from income tax under the current provisions of the Income Tax Assessment Act 1997.

Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1 - PRINCIPAL ACCOUNTING POLICIES (CONT)

(c) **Property, Plant and Equipment**

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

Property, plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by the association to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Gains and losses on disposals are determined by comparing process with the carrying amount.

These gains and losses are included in the statement of profit and loss.

(d) **Depreciation**

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the association commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Furniture and equipment	10% - 40%
Buildings	2%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(e) **Financial Instruments**

Accounting policies applicable to comparative period (31 December 2018)

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial assets

Financial assets at fair value through profit or loss (FVTPL) include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss (FVTPL) upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1 - PRINCIPAL ACCOUNTING POLICIES (CONT)

(e) Financial Instruments (cont)

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the profit or loss.

(f) Financial Instruments

Accounting policies applied from 1 July 2018 onwards
Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets
Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

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

Financial assets at fair value through profit or loss (FVTPL)

All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments.

Investments in equity instruments fall into this category unless the Group irrevocably elects at inception to account as Equity FVTOCI.

NOTE 1 - PRINCIPAL ACCOUNTING POLICIES (CONT)

(f) Financial Instruments (cont.)

Impairment of financial assets

AASB 9's new forward looking impairment model applies to Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(g) Impairment of Assets

At each reporting date, the association reviews the carrying values of its tangible 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 asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTE 1 - PRINCIPAL ACCOUNTING POLICIES (CONT)

(h) Employee Entitlements

Provision is made for the association's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the association to an employee superannuation fund and are charged as an expense when incurred.

(i) Cash and cash equivalents

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

(j) Revenue

Revenue comprises revenue from the consulting fees, donations and bequests, sale of food and beverage, government grants, fundraising activities, dividend and interest income and rental income. Revenue from major products and services is shown in Note 2.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

Accounting policies applied from 1 July 2018 onwards

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenues are recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Dividend revenue is recognised when the association has established that it has a right to receive a dividend.

Consulting fees and food and beverage sales are recognised in the period the services are delivered.

Grant revenue is recognised in the statement of profit or loss when it is controlled. When there are conditions attached to the grant revenue relating to the use of those grants for specific purpose it is recognised in the statement of financial position as a liability until such conditions are met or services provided.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1 - PRINCIPAL ACCOUNTING POLICIES (CONT)

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST

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

(l) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The Association changed its financial year end to 31 December 2018 resulting in the current period being 18 months compared to the comparative period of 12 months.

(m) Critical Accounting Estimates and Judgements

The Board of Management evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the association.

(n) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the transaction of monetary items are recognised in the cash statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss.

(o) Unexpended Grants

The association receives grant monies to fund projects either for a contracted period of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the association to treat grants monies as unexpended grants in the statement of financial position where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Consolidated Group		Parent Entity	
	12 Mths Ended 31-Dec-19 \$	18 Mths Ended 31-Dec-18 \$	12 Mths Ended 31-Dec-19 \$	18 Mths Ended 31-Dec-18 \$
NOTE 2 - REVENUE				
Operating activities				
Consulting Fees	849,193	1,733,420	-	-
Donations	1,659,480	1,447,345	1,659,480	1,421,281
Grants	631,642	574,823	621,406	596,887
Bequests	1,184,396	937,083	1,184,396	937,083
Special events	580,788	1,241,982	580,788	1,256,482
Food & Beverage Sales	46,236	743,851	-	-
Rental Income (Cancer Centre)	127,652	154,689	131,169	205,016
	<u>5,079,387</u>	<u>6,833,193</u>	<u>4,177,239</u>	<u>4,416,749</u>
Non-operating activities				
Contribution to administrative costs	120,556	402,205	120,556	402,205
Interest received	49,918	137,796	49,863	137,599
Dividends received	691,580	1,231,665	691,580	1,231,665
Realised and unrealised gain on investments	3,251,921	553,730	3,251,921	553,730
	<u>4,113,975</u>	<u>2,325,396</u>	<u>4,113,920</u>	<u>2,325,199</u>
Total Revenue	<u><u>9,193,362</u></u>	<u><u>9,158,589</u></u>	<u><u>8,291,159</u></u>	<u><u>6,741,948</u></u>

NOTE 3 - INCOME TAX EXPENSE

Current tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 4 - SURPLUS/(DEFICIT) FOR THE YEAR/PERIOD

Deficit for the year has been determined after:

Expenses:				
Depreciation of property, plant and equipment	577,911	878,652	556,172	849,240
Remuneration of auditor:				
Audit or review services	17,000	15,304	17,000	15,304
Other Services	-	-	-	-
Total Remuneration	<u>17,000</u>	<u>15,304</u>	<u>17,000</u>	<u>15,304</u>
Finance costs unwinding of discount (Note 13)	279,846	344,639	279,846	347,923
Interest expense	-	4,682	-	-
	<u>279,846</u>	<u>349,321</u>	<u>279,846</u>	<u>347,923</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Consolidated Group		Parent Entity	
	as at 31-Dec-19 \$	as at 31-Dec-18 \$	as at 31-Dec-19 \$	as at 31-Dec-18 \$
NOTE 5 - CASH AND CASH EQUIVALENTS				
Cash on hand	93	1,191	-	49
Cash at bank	3,213,654	2,714,595	2,986,458	2,615,892
	<u>3,213,747</u>	<u>2,715,787</u>	<u>2,986,458</u>	<u>2,615,942</u>

NOTE 6 - TRADE AND OTHER RECEIVABLES

Current				
Trade receivables	453,619	374,775	366,254	301,675
Imputation credits	90,292	228,343	90,292	228,343
Other receivables	20,089	18,730	1,458	172,514
	<u>564,000</u>	<u>621,848</u>	<u>458,004</u>	<u>702,532</u>
Non-Current				
Trade receivables	777,202	673,575	777,202	673,575
	<u>777,202</u>	<u>673,575</u>	<u>777,202</u>	<u>673,575</u>

NOTE 7 - OTHER CURRENT ASSETS

Prepayments	22,310	167,265	10,054	159,717
GST Receivable	126,251	33,456	125,907	31,445
	<u>148,561</u>	<u>200,721</u>	<u>135,961</u>	<u>191,162</u>

NOTE 8 - FINANCIAL ASSETS

(a) Financial assets at fair value through profit or loss	14,051,568	9,855,818	14,051,568	9,855,818
(b) Investment in subsidiaries	-	-	2	2
	<u>14,051,568</u>	<u>9,855,818</u>	<u>14,051,570</u>	<u>9,855,820</u>

(a) The financial assets at fair value through profit or loss comprised of publicly traded shares listed on the ASX.

(b) Investment in subsidiaries, refer to note 19.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 9

(a) PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group		Parent Entity	
	as at 31-Dec-19	as at 31-Dec-18	as at 31-Dec-19	as at 31-Dec-18
	\$	\$	\$	\$
Furniture and equipment - at cost	217,666	216,700	155,091	140,535
Less: accumulated depreciation	(134,756)	(129,118)	(119,895)	(112,351)
	<u>82,910</u>	<u>87,582</u>	<u>35,196</u>	<u>28,184</u>
Leasehold Improvements - at cost	170,608	151,043	170,608	151,043
Less: accumulated depreciation	(39,572)	(23,237)	(39,572)	(23,237)
	<u>131,036</u>	<u>127,806</u>	<u>131,036</u>	<u>127,806</u>
Buildings (Cancer Centre) - at cost	26,963,784	26,584,846	26,963,784	26,584,846
Less: accumulated depreciation	(4,165,091)	(3,632,798)	(4,165,091)	(3,632,798)
	<u>22,798,693</u>	<u>22,952,048</u>	<u>22,798,693</u>	<u>22,952,048</u>
Total Property, Plant and Equipment	<u>23,012,639</u>	<u>23,167,436</u>	<u>22,964,925</u>	<u>23,108,038</u>

	Leasehold Improvements	Buildings	Furniture and Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of the year	127,806	22,952,048	87,582	23,167,436
Additions	19,565	378,938	11,659	410,162
Depreciation expense	(16,335)	(532,293)	(16,331)	(564,959)
Carrying amount at the end of the year	<u>131,036</u>	<u>22,798,693</u>	<u>82,910</u>	<u>23,012,639</u>

(b) INTANGIBLES

	\$	\$	\$	\$
Trademarks - Development Costs	86,000	83,863	3,445	-
	<u>86,000</u>	<u>83,863</u>	<u>3,445</u>	<u>-</u>

FLINDERS FOUNDATION INC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Consolidated Group		Parent Entity	
	as at	as at	as at	as at
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	\$	\$	\$	\$
NOTE 10 - TRADE AND OTHER PAYABLES				
Current				
GST Payable	14,064	16,886	-	-
Trade payables and accruals	1,100,503	1,125,093	1,240,209	1,279,857
	<u>1,114,567</u>	<u>1,141,979</u>	<u>1,240,209</u>	<u>1,279,857</u>
Non-Current				
Trade payables and accruals	1,305,045	1,498,086	1,305,045	1,498,086
	<u>1,305,045</u>	<u>1,498,086</u>	<u>1,305,045</u>	<u>1,498,086</u>
NOTE 11 - EMPLOYEE PROVISIONS				
Current Provisions				
Provision for employee entitlements	136,984	129,123	68,617	41,837
	<u>136,984</u>	<u>129,123</u>	<u>68,617</u>	<u>41,837</u>
Non-Current Provisions				
Provision for employee entitlements	5,416	1,679	-	-
	<u>5,416</u>	<u>1,679</u>	<u>-</u>	<u>-</u>
NOTE 12 - CONTRACT LIABILITIES				
Specific project grants received	18,841	22,979	-	-
	<u>18,841</u>	<u>22,979</u>	<u>-</u>	<u>-</u>
NOTE 13 - BORROWINGS				
Current				
Stakeholder Loan	93,769	-	-	-
Government loan	4,655,165	-	4,655,165	-
	<u>4,748,934</u>	<u>-</u>	<u>4,655,165</u>	<u>-</u>
Non-Current				
External Commercial Borrowings	110,028	-	-	-
Government loan	-	4,305,320	-	4,305,320
	<u>110,028</u>	<u>4,305,320</u>	<u>-</u>	<u>4,305,320</u>

The loan from the South Australian Government is repayable 10 years from the date of execution of the facility agreement, 1 December 2010. No interest is payable under the terms of the loan agreement. In accordance with the accounting standards borrowings have been discounted to their net present value using a discount rate of 6%. This loan is due to be repaid within the next 12 months.

The Stakeholder Loan and External Commercial Borrowings are advances made by external stakeholders in FBE India Pvt Ltd. The Stakeholder loan is repayable at call and no interest is payable for this loan. The External Commercial Borrowing is provided under an agreement which provides for drawdowns over 15 months. The loan is repayable over 7 years from the last drawdown with interest accruing monthly at the rate of the 6 month BBSW rate plus 3.58% per annum and is payable quarterly.

FLINDERS FOUNDATION INC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Consolidated Group		Parent Entity	
	18 Mths Ended 31-Dec-19 \$	18 Mths Ended 31-Dec-18 \$	18 Mths Ended 31-Dec-19 \$	18 Mths Ended 31-Dec-18 \$
NOTE 14 - CASH FLOW INFORMATION				
Reconciliation of cash flow from operations with deficit for the year				
Surplus/(Deficit) for the year	1,734,181	(81,834)	1,609,632	(267,907)
Non-cash flows in deficit:				
Depreciation	577,911	878,652	556,172	849,240
Realised and unrealised (gains)/losses on investments	(3,251,921)	(980,992)	(3,251,921)	(980,992)
Finance costs	349,846	344,640	349,846	344,640
Changes in assets and liabilities				
Decrease/(Increase) in trade and other receivables	(49,900)	(438,187)	(30,401)	(552,926)
Decrease/(Increase) in other current assets	35,070	(109,044)	55,201	(99,486)
Increase/(Decrease) in payables	(220,451)	119,444	(174,992)	86,588
Increase/(Decrease) in provisions and reserves	11,598	4,119	26,779	(1,559)
(Decrease)/Increase in contract liabilities	(4,138)	(7,483)	-	-
	<u>(817,804)</u>	<u>(270,685)</u>	<u>(859,684)</u>	<u>(622,402)</u>

NOTE 15 - RELATED PARTY INFORMATION

The names of the persons on the Board of Management of Flinders Foundation Inc at any time during the year were as follows:

Mr Alan Young (Chairman)	Mr Michael Michael
Mr Michael Luchich (Appointed 19 Feb 2019)	Ms Susan O'Neill
Mr Andrew Krolkowski	Mr Paul Teisseire (Appointed 19 Feb 2019)
Ms Stephanie Ockenden	Professor Rob Saint
Ms Kate Thiele	

Related Party Transactions

During the year ended 31 December 2019 the following related party transactions took place between members of the Board of Management and Flinders Foundation Inc:

Baker Young Stockbrokers Limited provides investment advice and transacts in shares of listed public companies on behalf of the Flinders Foundation. Mr Alan Young, the Chairman of the Board of Management is a Director of Baker Young Stockbrokers Limited. Alan Young, the Chairman of the Flinders Foundation received a Directors fee of \$25,000 from FBE Pty Ltd for the year ended 31 December 2019.

P D Teisseire Pty Ltd provides consultancy and director services to the Flinders Foundation, FBE Pty Ltd and FBE India Pte Ltd and received \$52,000 in fees for the year ended 31 December 2019. Mr Paul Teisseire, a Director of the Board of Management is a Director of P D Teisseire Pty Ltd.

Klarity provides consulting services to the Flinders Foundation and received \$38,250 in fees for the year ended 31 December 2019. Ms Kate Thiele, a Director of the Board of management is the Principal of Klarity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 15 - RELATED PARTY INFORMATION CONTINUED

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Key Management remuneration	598,658	977,821	391,517	736,784

NOTE 16 - CONTINGENT LIABILITY

Flinders Foundation Incorporated have provided a guarantee and idemnity facility in the form of a first registered fixed and floating charge over all assets of FBE Pty Ltd.

Other than the above, the group is not aware of any contingent liabilities that should be disclosed in accordance with AASB 137.

Funding Commitments

The retained earnings represents unspent donations and funds received. As at the balance date, the retained earnings relates to surpluses which can ben used to meet the constitutional commitments of the Foundation.

NOTE 17 - EVENTS OCCURING AFTER THE BALANCE DATE

The COVID-19 virus has affected the world economy dramatically which has caused significant falls in the Australian Share Market. The Flinders Foundation's share portfolio has suffered some losses, but the profolio continues to be actively managed to ensure losses are contained and opportunities are maximised. The balance of the Flinders Foundation's share portfolio at 31 May 2020 was \$13,134,482.

Additionally, with significant losses to business and employment in Australia as a result of the COVID-19 virus, donations revenue is expected to fall in 2020.

No other matters or events have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Entity, the results of its operations, or the state of affairs of the Entity in subsequent financial year.

NOTE 18 - ASSOCIATION DETAILS

The principal place of business of the Association is:

Flinders Foundation Inc
Flinders Drive
BEDFORD PARK SA 5042

FLINDERS FOUNDATION INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 19 - CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)
Controlled Entities Consolidated		
- FBE Pty Ltd	Australia	100%
↳ FBE India Pvt Ltd	India	100%
- Foundation Cafe Pty Ltd	Australia	100%

FBE Pty Ltd was registered on 10 September 2007 as a wholly-owned subsidiary of Flinders Foundation Incorporated. The share capital of FBE Pty Ltd consists of 1 ordinary share at \$1.

FBE Pty Ltd was established to provide consultancy and training services.

FBE India Pvt Ltd was established to provide consultancy and training services in India.

Foundation Cafe Pty Ltd (Previously T Bar Flinders Pty Ltd) started trading in August 2012 as a wholly-owned subsidiary of Flinders Foundation Incorporated and was established to provide sales of food and beverage.

In early 2019 it was decided to lease the café to an independent operator with experience in this type of operation. The Flinders Foundation receives rent from this operator at commercial while retaining ownership of the café.

NOTE 20 - ECONOMIC DEPENDENCE

Flinders Foundation Inc is dependent on continuous receipt of donations for the majority of its revenue to operate the business. At the date of this report the board of directors has no reason to believe that donations will cease.

NOTE 21 - RESERVES

The reserves balance represents donations committed by the Board in future years in relation to the SAHMRI Beat Cancer. A total of \$1m has been committed with \$239,733 yet to be spent.

The share portfolio outperformed the market markedly in 2019. As a result a new reserve was created as result of this outperformance for potential market falls in the following year. At 31 December 2019 the Outperformance amount held in reserve was \$460,000.

FLINDERS FOUNDATION INC.

**STATEMENT BY BOARD OF MANAGEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

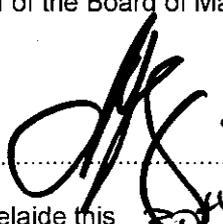
The Board of Management has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

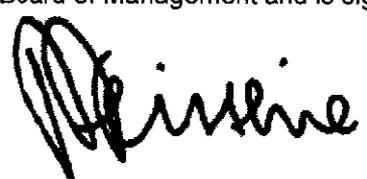
1. In the opinion of the Board of Management the financial report as set out on pages 3 to 19:
 - (a) The consolidated financial statements and notes of Flinders Foundation Inc are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) Giving a true and fair view of its financial position as at 31 December 2019 and of its performance for the financial period ended on that date; and
 - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013,
 - (b) At the date of this statement, there are reasonable grounds to believe that Flinders Foundation Inc will be able to pay its debts as and when they fall due.
2. In accordance with section 35(5) of the Associations Incorporations Act, 1985, the Board of the Foundation hereby states that during the financial year ended 31 December 2019:
 - (a)
 - (i) no officer of Foundation;
 - (ii) no firm of which an officer is a member; and
 - (iii) no body corporate in which an officer has a substantial financial interest;

has or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the Foundation.

- (b) Except for the below transactions, no officer of the Foundation has received directly or indirectly from the Foundation any payment or other benefit of a pecuniary value other than those who are employees and remunerated under normal commercial terms.
 - (i) Baker Young Stockbrokers Limited provides investment advice and transacts in shares in listed public companies on behalf of the Flinders Foundation Inc. Mr. Alan Young, the Chairman of the Board of Management is a Director of Baker Young Stockbrokers Limited. As at 31 December 2019, there are no outstanding payments to or from Baker Young Stockbrokers Limited.
 - (ii) P D Teisseire Pty Ltd provides consultancy and director services to the Flinders Foundation, FBE Pty Ltd and FBE India Pte Ltd. Mr Paul Teisseire, a Director of the Board of Management is a Director of P D Teisseire Pty Ltd. As at 31 December 2019, there are no outstanding payments due to P D Teisseire Pty Ltd.
 - (iii) Klarity provides consulting services to the Flinders Foundation. Ms Kate Thiele, a Director of the Board of Management is the Principal of Klarity. As at 31 December 2019, there are no outstanding payments due to Klarity.
 - (iv) Directors and key management remuneration as disclosed in Note 15 to the financial report.

This statement is made in accordance with a resolution of the Board of Management and is signed for and on behalf of the Board of Management by:


.....


.....

Signed at Adelaide this 30 day of June 2020

Independent Auditor's Report

To the Members of Flinders Foundation Inc

Report on the audit of the financial report

Opinion

We have audited the financial report of Flinders Foundation Inc (the "Registered Entity") and its subsidiaries (the Registered Entity), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Board of Management of the consolidated entity comprising the Registered Entity and the entities it controlled at the period's end or from time to time during the financial period.

In our opinion, the accompanying financial report of Flinders Foundation Inc has been prepared in accordance with Incorporated Associations Act 1985 (SA) and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including::

- a presents fairly, in all material respects, the Registered Entity's financial position as at 31 December 2019 and of its performance and cash flows for the year then ended in accordance with the accounting policies in Note 1; and
- b complies with Australian Accounting Standards and Division 60 of the Australian Charities and *Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter – basis of accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Association's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the financial report

The Directors of the Registered Entity are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial report are appropriate to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and Associations Incorporation Act 1985 (SA) and meet the needs of the Members. This responsibility also includes such internal control as management determines is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 30 June 2020