

Bravehearts Foundation Limited
ABN 41 496 913 890

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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Entity's Details

ABN 41 496 913 890

ACN 607 315 917

The registered office of the entity is:

Bravehearts Foundation Limited

9 Byth Street

ARUNDEL QLD 4214

The principal place of business is:

Bravehearts Foundation Limited

9 Byth Street

ARUNDEL QLD 4214

Bravehearts Foundation Limited

ABN 41 496 913 890

DIRECTORS' REPORT

Your directors present this report to the members of the Bravehearts Foundation Limited for the year ended 30 June 2018.

Directors

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

| Board | Date appointed | Date of cessation | ASIC | ACNC | A | B |
|-----------------------|----------------|-------------------|------|------|---|----|
| Hetty Johnston | 15/11/2001 | | Y | Y | 9 | 10 |
| Andrew George Hay | 19/10/2016 | | Y | Y | 7 | 10 |
| Keshwar Baboolal | 7/12/2016 | | Y | Y | 9 | 10 |
| Gemma Cook | 9/04/2010 | | N | Y | 8 | 10 |
| Sarah Zeljko | 21/03/2018 | | Y | Y | 4 | 4 |
| Robert Molhoek | 19/06/2015 | | Y | Y | 6 | 10 |
| Scott Daniel Chapman | 22/06/2018 | | Y | Y | 6 | 10 |
| Georgina Richters | 22/03/2017 | | Y | Y | 6 | 10 |
| Vanessa Garrard | 21/03/2018 | | Y | Y | 4 | 4 |
| Wilma Robyn James | 27/11/2015 | 18/10/2017 | Y | Y | 3 | 3 |
| Sharon Michelle Suzor | 7/12/2018 | 30/11/2008 | Y | Y | 2 | 5 |

A - Number of meetings attended during the year

B - Number of meetings held during the time the director held office during the year

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

Directors' qualifications, experience and special responsibilities

| Name | Qualifications | | Responsibilities |
|-------------------------|---|--|--------------------------------------|
| Hetty Johnston | GAICD, FAICGP, JP (Qual) | Hetty is the founder having established Bravehearts in 1996. A woman of passion and determination who has succeeded in highlighting the crime of paedophilia and child sexual assault to media, families, schools and the general community both nationally and internationally. Hetty's accolades include 2015 Queensland Australian of the Year and 2014 Awarded Member of the Order of Australia (AM). | Chair |
| Andrew George Hay | Bachelor of Commerce, Bachelor of Laws and Graduate Diploma, Applied Finance and Investment | Andrew heads the corporate advisory team for top tier law firm Clayton Utz in Brisbane and leads the firm's Agribusiness and Japan practice groups nationally, with over 25 years' experience as a corporate lawyer. Andrew has advised many of Australia's leading companies in corporate governance and the formal application of ethical standards. He brings a high skill level of corporate professionalism that complement Bravehearts' existing leadership team. Andrew is also Chairman of the Adam Scott Foundation, which provides life opportunities for Australian youth; and his previous trustee role with the Children's Cancer Institute and is President of the Australia-Japan Society (Queensland) Inc. | Deputy Chair from 18 October 2017 |
| Professor Kesh Baboolal | MBBS MD FRACP FRCP LL.M eMBA | Professor Keshwar Baboolal is registered with both the Australian Medical Board and General Medical Council UK as a Specialist in Nephrology and General Medicine. He was awarded FRACP and FRCP from the Royal College of Physicians in Australia and the UK. Professor Baboolal graduated from St Thomas's Hospital, University of London. He undertook post-graduate training at the Nuffield Department of Medicine in Oxford, Guys and St Thomas' Hospital, London and Stanford University. He completed his doctorate degree, Doctor of Medicine (MD) and was subsequently appointed as a Senior Specialist at the University Hospital of Wales UK. In 2006, he completed an eMBA program at INSEAD Paris. | Deputy Chair from 18 October 2017 |
| Gemma Cook | Bachelor of Commerce, Graduate Diploma of Chartered Accounting | Gemma is a Associate Director in the Business Services division of Bentleys, with over 15 years of experience in the accounting profession. Her career includes experience in primary production, medical practice and a range of service entities including retail and construction. | Treasurer |
| Sarah Zeljko | LLB, GAICD | Sarah Zeljko has more than 20 years' experience in the legal sector including extensive executive leadership experience in the infrastructure, energy, water, mining and manufacturing industries in large government and private corporations. She has extensive Executive and Company Secretary experience across large Government and Private Corporations, having led a range of Boards and Board Committees through events of significant strategic and operational change. Sarah specialises in the areas of corporate governance, risk management, compliance, commercial negotiations and strategy. | Company Secretary from 21 March 2018 |

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DIRECTORS' REPORT

| Name | Qualifications | | Responsibilities |
|-----------------------|---|---|---|
| Robert Molhoek | Queensland State Member | Elected in 2012, Rob is the Queensland State Member for Southport and Deputy Chairman of the Transportation and Utilities. In his last term he was the Assistant Minister for Child Safety and played a key role in reviewing the reforms proposed as a result of the Carnody Commission into Child Safety Practices, before taking on the role of Assistant Minister for Planning Reform. Rob joined the board of Bravehearts in September 2004. | |
| Scott Daniel Chapman | | Scott has spent the last 12 years working in Senior Management roles across Radio, TV, Digital and Publishing, over this period he has lead local and national sales and marketing teams to record highs. He has marketed for and worked with some of Australia's leading brands, focusing on profitable and accountable marketing/revenue strategies. | |
| Georgina Richters | | Georgina is currently the Queensland Director of PwC's Indigenous Consulting (PIC). Georgina has worked in leadership roles in the private (resources), public (local, State and Australian government) and not for profit sectors. She has a strong record of involvement in strategically planning and developing business improvements, and also in implementing the strategic direction and thinking of organisations. | |
| Vanessa Garrard | | Vanessa Garrard is an Australian entrepreneur and a leader in the consumer products industry. Vanessa is the founder and Global CEO of SourceHub Group which recently acquired OZtrail, Australia's #1 Camping & Outdoor Leisure Products Brand. Her passion for business and developing products with proven appeal to consumers has seen Vanessa ranked in Australia's Top 30 Female Entrepreneurs list, BRW Fast 100 lists, and in 2013 she was named the Australian EY Entrepreneur of the Year for Industry. More recently Vanessa was named in the Australian Financial Review 100 Women of Influence. With over 25 years of experience in building businesses across Australia, China, UK, Europe & US, Vanessa understands what it takes to build and grow a global business. | |
| Wilma Robyn James | Bachelor of Business - Management and HR Management and Grad. Dip. Applied Corporate Governance and Risk Management | Wilma is a Senior Director of UniQuest Pty Limited, where she is able to promote productivity and innovation within industry through translating research into industry and community impact. Wilma leads the Expertise Commercialisation team and the Contract Operations team and manages a portfolio of over 400 contracts per year worth \$17M of research contracts and consultancies. | Deputy Chair until 18 October 2017, and then CEO from 18 October 2017 |
| Sharon Michelle Suzor | Bachelor of Business - Journalism and Graduate Diploma Early Childhood Education | Sharon is communication and community engagement practitioner with more than 20 years' experience. She works with multi-disciplinary teams across Australia, as part of designing and constructing major infrastructure projects and undertaking environmental investigations to obtain project approvals and for contaminated land sites. For the past three years she has been a Queensland Councillor with the Public Relations Association of Australia and is an active member of the International Association of Public Participation. In the past, Sharon has held leadership roles within the early childhood education and care sector. This included as a teacher and Director of community early childhood services, an education advisor and Communication Coordinator with the Creche and Kindergarten Association of Queensland and, resource officer with the State Department of Families. | |
| Margaret Filzsimons | Bachelor of Commerce, Chartered Accountant | Margaret has worked for various types of organisations from large global businesses and national organisations to professional practices and SMEs and has more than 25 years' experience, specialising in strategy, profit improvement/financial performance and change management. | Secretary until 30 August 2017 |

Short- and long-term objectives and strategy

The company's short- and long-term objectives are to:

- To prevent child sexual assault in our society
- To make Australia the safest place in the world to raise a child

The company's strategy for achieving these objectives:

Bravehearts has been actively contributing to the provision of child sexual assault services throughout the nation since 1997. As the first and largest registered charity specifically and holistically dedicated to addressing this issue in Australia, Bravehearts exists to protect Australian children against sexual harm. All activities fall under 'The 3 Piers' to Prevention; Educate, Empower, Protect – Solid Foundations to Make Australia the safest place in the world to raise a child.

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DIRECTORS' REPORT

Our activities include but are not limited to:

➤ **Educate:**

- Early childhood (aged 3-8) 'Ditto's Keep Safe Adventure' primary and pre-school based personal safety programs including cyber-safety.
- Ditto-In-A-Box teacher resources mapped to the national curriculum.
- Personal Safety Programs for older children & young people and specific programs aimed at Indigenous children.

➤ **Empower:**

- Specialist advocacy support services for survivors and victims of child sexual assault and their families including a specialist supported child sexual assault 1800 crisis line.
- Tiered Child sexual assault awareness, support and response training and risk management policy and procedure training and services for all sectors in the community.
- Specialist child sexual assault counselling is available to all children, adults and their non-offending family support.

➤ **Protect:**

- Alternative reporting schemes including, Sexual Assault Disclosure Scheme (assisting with the reporting of historical child sexual assault offences) and Join the Dots (supporting young people report concerning online behaviour)
- Policy and Legislative Reform (Online and Offline) - collaboration with State Government departments and agencies.

Principal activities

The company's principal activities during the year were:

- On 15 September 2015 Bravehearts Inc. was registered by ASIC as a company limited by guarantee under s601BA(1) of the Corporations Act and became Bravehearts Foundation Limited. The ACN is 607 315 917. Bravehearts Inc. and Bravehearts Foundation Limited are the same entity.
- Provision of Education programs to children and young people aged 3 – 17 years of age utilising incursion programs and online learning platforms.
- Provision of support and advice via our National 1800 number across Australia
- Delivery of Counselling services both face to face and via telephone counselling
- Provision of Training via face to face and online learning platforms.
- Providing Risk Management Assessments and delivering associated training and education programs to mitigate the risk in partnership with EY.
- Provision of Advocacy Support through our Case Management team to support clients and families wanting support in a range of life domains.
- Increasing community awareness via our major campaigns and utilising all forms of media including our social media platforms.
- Lobbying all levels of government across Australia for legislative reform and for review of institutional practices that are not in the best interest of the child.
- Fundraising through grants from Commonwealth, State and Local Governments, gifts, donations, legacies, philanthropic grants, annual appeals and regular giving programs.
- Establishing new and innovative treatment programs to prevent the occurrence of child sexual assault.
- Developing partnerships with expert organisation to create analytical software that will reduce the administrative efforts involved in identifying children at risk and thus reducing the number of children subject to child sexual assault.

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DIRECTORS' REPORT

Performance measures

The directors use performance measures to assess the financial sustainability of the company, whether the company's short-term and long term objectives are being achieved and:

- > To assess the output performance of service activities
- > To assess relative amounts of company expenditure applied to service activities
- > To assess the various sources that revenue is derived from

The performance against these key performance indicators is as follows:

| | 2018 | 2017 |
|---|---------|---------|
| | Actual | Actual |
| Proportion of revenue provided by: | | |
| - Federal and State Government Grants | 44.8% | 44.4% |
| - Community Grants, Donations and Fundraising | 32.0% | 32.2% |
| - Service Fees | 19.9% | 21.4% |
| - Other Income | 3.3% | 2.0% |
| Proportion of expenditure spent on: | | |
| - Education | 18.8% | 18.7% |
| - Empowerment | 46.3% | 41.7% |
| - Protection | 9.7% | 9.0% |
| - Awareness and Fundraising | 14.2% | 17.8% |
| - Enabling | 11.0% | 12.8% |
| Education Programme: | | |
| - Number of children attended Ditto Show | 124,272 | 125,817 |
| - Number of schools Ditto Show visited | 1,409 | 1,436 |
| - Cumulative number of children attended Ditto Show to date | 954,104 | 729,832 |
| Therapeutic Services: | | |
| - Sessions delivered | 2,742 | 3,496 |
| Child Protection Training | | |
| - Clients Engaged in facilitated workshops and online courses | 42,313 | 16,060 |
| Case Management: | | |
| - Number of clients | 241 | 275 |
| Intake and Support Line | | |
| - Support phone calls received | 7,878 | 6,408 |
| Research, Policy and Lobbying: | | |
| - Submissions to Inquiries and Reviews | 24 | 16 |
| - Conference and forum participation | 6 | 10 |
| - Completed research and position papers | 4 | 3 |

Members' Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company 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 company. At 30 June 2018 the total amount that members of the company are liable to contribute if the company is wound up is \$220.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the board of Directors

Director

Dated this 26th day of October 2018

BRAVEHEARTS FOUNDATION LIMITED
ABN 41 496 913 890

**AUDITOR'S INDEPENDENCE DECLARATION UNDER
THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE DIRECTORS OF BRAVEHEARTS FOUNDATION LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

- i. the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

WPIAS Pty Ltd
Authorised Audit Company No. 440306



Lee-Ann Dippenaar BCom CA RCA
Director

Dated this 26th day of October 2018

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w: www.wpias.com.au

WPIAS Pty Ltd ABN 99 163 915 482
WPIAS is an Authorised Audit Company and a Limited Partnership
Liability limited by a scheme approved under Professional Standards Legislation

BRAVEHEARTS FOUNDATION LIMITED
ABN 41 496 913 890

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|------------|------------|
| Revenue | 2 | 6,127,021 | 5,945,460 |
| Profit / (Loss) on disposal of fixed assets | | - | 129 |
| Capital asset donation | 10 | - | 1,078,869 |
| Employee provisions expense | | 4,543,345 | 4,110,752 |
| Depreciation expense | 10 | 144,502 | 125,074 |
| Amortisation expense | 11 | 7,325 | 6,104 |
| Contractor and consultancy expenses | | 36,364 | 60,263 |
| Interest expense | | 3,726 | 1,381 |
| Motor vehicle expense | | 56,525 | 65,536 |
| Utilities expense | | 64,810 | 61,183 |
| Rental expense | | 166,293 | 184,316 |
| Staff training and recruitment expenses | | 103,662 | 58,164 |
| Audit, legal and consultancy fees | | 111,569 | 293,896 |
| Sundry expenses | | 217,605 | 246,251 |
| Technology and communications expenses | | 211,991 | 218,894 |
| Community awareness and fundraising expenses | | 362,141 | 368,122 |
| Travel and accommodation expenses | | 200,196 | 132,991 |
| Cost of goods sold and distributed | | 116,357 | 161,034 |
| Total expenses | | 6,346,411 | 6,093,961 |
| Current year surplus / (deficit) before income tax | | (219,390) | 930,497 |
| Income tax expense | 4 | - | - |
| Net current year surplus / (deficit) | | (219,390) | 930,497 |
| Other comprehensive income | | | |
| Other comprehensive income for the year net of tax | | - | - |
| Total other comprehensive income / (loss) for the year | | (219,390) | 930,497 |
| Total comprehensive income / (loss) for the year attributable to the members of the entity | | (219,390) | 930,497 |

The accompanying notes form part of these financial statements

BRAVEHEARTS FOUNDATION LIMITED
ABN 41 496 913 890

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|---------------------------------------|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 2,185,082 | 2,361,029 |
| Accounts receivable and other debtors | 7 | 96,194 | 225,910 |
| Inventories on hand | 8 | 107,232 | 98,694 |
| Other current assets | 9 | 62,867 | 37,598 |
| TOTAL CURRENT ASSETS | | <u>2,451,375</u> | <u>2,723,231</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 2,456,080 | 2,497,715 |
| Intangible assets | 11 | 8,547 | 15,872 |
| Financial assets | 12 | 796,869 | 316,078 |
| TOTAL NON-CURRENT ASSETS | | <u>3,261,496</u> | <u>2,829,665</u> |
| TOTAL ASSETS | | <u>5,712,871</u> | <u>5,552,896</u> |
| CURRENT LIABILITIES | | | |
| Accounts payable and other payables | 13 | 1,983,405 | 1,660,636 |
| Borrowings | 14 | 30,861 | 30,861 |
| Employee Provisions | 15 | 347,856 | 266,373 |
| TOTAL CURRENT LIABILITIES | | <u>2,362,122</u> | <u>1,957,870</u> |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 14 | 35,849 | 66,710 |
| Employee Provisions | 15 | 42,607 | 36,633 |
| TOTAL NON-CURRENT LIABILITIES | | <u>78,456</u> | <u>103,343</u> |
| TOTAL LIABILITIES | | <u>2,440,578</u> | <u>2,061,213</u> |
| NET ASSETS | | <u>3,272,293</u> | <u>3,491,683</u> |
| EQUITY | | | |
| Retained surplus | | 3,272,293 | 3,491,683 |
| TOTAL EQUITY | | <u>3,272,293</u> | <u>3,491,683</u> |

The accompanying notes form part of these financial statements

BRAVEHEARTS FOUNDATION LIMITED
ABN 41 496 913 890

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

| | Retained Surplus \$ | Total \$ |
|--------------------------------------|------------------------|------------------|
| Balance at 30 June 2016 | 2,561,186 | 2,561,186 |
| Net surplus / (deficit) for the year | <u>930,497</u> | <u>930,497</u> |
| Balance at 30 June 2017 | 3,491,683 | 3,491,683 |
| Net surplus / (deficit) for the year | <u>(219,390)</u> | <u>(219,390)</u> |
| Balance at 30 June 2018 | <u>3,272,293</u> | <u>3,272,293</u> |

The accompanying notes form part of these financial statements

BRAVEHEARTS FOUNDATION LIMITED
ABN 41 496 913 890

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|---|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 1,475,418 | 1,240,529 |
| Operating grants receipts | | 3,928,218 | 3,376,366 |
| Receipts from sale of merchandise stock | | 83,324 | 71,156 |
| Donations and fundraising received | | 1,177,674 | 1,228,245 |
| Payments to suppliers and employees | | (6,353,406) | (5,885,700) |
| Distributions received | | 13,106 | 0 |
| Interest received | | 38,085 | 38,789 |
| Interest paid | | (3,726) | (1,381) |
| Net cash provided by / (used in) operating activities | 19 | <u>358,681</u> | <u>88,004</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (102,867) | (491,045) |
| Purchase of financial assets | | (571,685) | (316,078) |
| Sale of financial assets | | 170,775 | 0 |
| Purchase of intangibles | | 0 | (21,976) |
| Net cash (used in) provided by investing activities | | <u>(503,777)</u> | <u>(829,099)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from / (repayment of) borrowings | | (30,861) | (20,132) |
| Net cash provided by financing activities | | <u>(30,861)</u> | <u>(20,132)</u> |
| Net increase / (decrease) in cash held | | (175,947) | (781,227) |
| Cash at beginning of financial year | | 2,361,029 | 3,142,256 |
| Cash at end of financial year | 6 | <u>2,185,082</u> | <u>2,361,029</u> |

The accompanying notes form part of these financial statements

BRAVEHEARTS FOUNDATION LIMITED
ABN 41 496 913 890

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The financial statements cover Bravehearts Foundation Limited as an individual entity, incorporated and domiciled in Australia. Bravehearts Foundation Limited is a company limited by guarantee incorporated under Corporations Act 2001.

The financial statements were authorised for issue on 26th October 2018 by the directors of the company.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. 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 cashflow 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 amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a) Revenue

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 the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When 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.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

Where Bravehearts Foundation Limited receives non-reciprocal contributions of assets from the government and other parties for no or 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 statement of profit or loss and other comprehensive income.

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. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service and the sale of goods is recognised upon the delivery of the service / goods to customers.

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

b) Inventories on Hand

Inventories are measured at the lower of cost and current replacement value.

Inventories acquired at no cost or for nominal consideration are measured at the current replacement cost as at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

c) Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company 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, information is extracted from the most advantageous market available to the company at the reporting date (i.e. the market that maximises the receipts from the sale of the asset or minimises the payment 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.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of an identical or similar financial instrument, by reference to observable market information where identical or similar instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

d) Property, Plant and Equipment

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

Property

Buildings are shown at their fair value at date of acquisition less subsequent depreciation.

Increases in the carrying amount arising on revaluation of buildings is 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 revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Buildings that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset, as assessed by the directors, at the date it is acquired.

BRAVEHEARTS FOUNDATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Plant and Equipment

Plant and equipment is 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 the 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 (refer to Note 1(h) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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

Depreciation

The depreciable amount of all fixed assets including buildings, is depreciated on a straight-line basis over the asset's useful life to the company, 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 assets are:

| Class of Fixed Asset | Depreciation Rate |
|----------------------|-------------------|
| Property | 2.5 - 10% |
| Plant and Equipment | 33.33% - 40% |
| Motor Vehicles | 12.50% |

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

e) Intangible Assets

Software

Software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

f) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the company, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

g) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the company 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 are initially measured at fair value plus transactions costs except where the instrument is classified as at fair value through profit or loss' in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) 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 subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Held-to-maturity Investments

Held-to maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party, whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

h) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised 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 company 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 an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

i) Employee Provisions

Short-term Employee Benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

Other Long-Term Employee Provisions

Provision is made for employees' long service leave and annual leave entitlements 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. Other long-term employee benefits 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, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company 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 provisions.

j) 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 six months or less. Barter and BBX dollar accounts are included in Cash and Cash Equivalents and valued at 75% of face value.

k) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts receivable from customers for goods sold and services rendered in the ordinary course of business. 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(g) for further discussion on the determination of impairment losses.

l) 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 (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. The GST components 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 receipts from customers or payments to suppliers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

m) Accounts Payable and Other Payables

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

n) Comparative Figures

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period, must be disclosed in addition to the minimum comparative financial statements.

o) Critical Accounting Estimates and Judgments

The Directors' evaluations, estimates and judgments incorporated into the financial statements are 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 Judgements

(i) Employee Benefits

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

Key Estimates

(i) Impairment

The company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

p) Economic Dependence

The company is dependent on the Department of Communities (Queensland) and the Department of Social Services (Family Support Program) for a substantial amount of its revenue used to operate the business, together with various other grants and donations received from the community. At the date of this report, the Board has no reason to believe that the Departments and the community will not continue to support Bravehearts Foundation Limited.

q) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

r) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the company but applicable in future reporting periods are set out below:

AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Hedge accounting is not applicable to the company.

Although directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- Recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- Depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- By applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- Additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable when an entity receives volunteer services, or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset, principally to enable the entity to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. Income must be recognised in profit or loss when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 Contributions.

Although the directors anticipate that the adoption of AASB 1058 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2016-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

AASB 2016-8 (issued December 2016) inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9: Financial Instruments and AASB 15: Revenue from Contracts with Customers as a consequence of AASB 1058: Income of Not-for-Profit Entities.

AASB 2016-8 mandatorily applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, provided AASB 1058 is applied for the same period.

BRAVEHEARTS FOUNDATION LIMITED
ABN 41 496 913 890

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|---|------|------------------|------------------|
| NOTE 2: REVENUE | | | |
| Counselling services | | 88,539 | 147,269 |
| Education program fees | | 430,789 | 442,405 |
| Donations received | 3 | 1,226,526 | 1,549,922 |
| Fundraising income | | 79,803 | 59,548 |
| Grant income - Qld Department of Families | | 923,321 | 901,801 |
| Grant income - Royal Commission | | 910,010 | 900,000 |
| Grant income - Other Government | | 911,770 | 836,988 |
| Grant income - Community | | 653,457 | 305,174 |
| Dividend distributions | | 16,013 | - |
| Profit on sale of investments | | 76,785 | - |
| Interest revenue | | 30,220 | 45,922 |
| Merchandise sales | | 75,750 | 64,688 |
| Training and consulting | | 527,069 | 409,083 |
| Royalty fees | | 170,885 | 274,142 |
| Other income | | 6,084 | 8,518 |
| | | <u>6,127,021</u> | <u>5,945,460</u> |

NOTE 3: SURPLUS / (DEFICIT) FOR THE YEAR

| | | |
|--|----------------|----------------|
| Significant revenue | | |
| Donations received as pro-bono services and office space in kind | 123,860 | 356,075 |
| Total donations received in kind | <u>123,860</u> | <u>356,075</u> |

NOTE 4: INCOME TAX EXPENSES

| | | | |
|-------------|----|----------|----------|
| Current tax | 1a | <u>-</u> | <u>-</u> |
|-------------|----|----------|----------|

Bravehearts Foundation Limited is exempt from income tax.

NOTE 5: AUDITORS' FEES

Remuneration of the auditor of the company for:

| | | |
|--|--------|--------|
| - auditing or reviewing the financial report (44% of the audit fee, \$15,300 (2017: \$15,300), in lieu of donation). | 35,000 | 35,000 |
|--|--------|--------|

NOTE 6: CASH AND CASH EQUIVALENTS

| | | | |
|--------------------------|----|------------------|------------------|
| CURRENT | | | |
| Cash at bank and in hand | | 1,287,425 | 1,072,009 |
| Short-term bank deposits | | 897,657 | 1,289,020 |
| | 20 | <u>2,185,082</u> | <u>2,361,029</u> |

The effective interest rate on short-term bank deposits was 2.2% (2017: 2.4%).
These deposits have an average maturity of 102 days (2017: 142 days)

Bravehearts Foundation Limited

ABN 41 496 913 890

Notes to the Financial Statements for the Year ended 30 June 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|---------------|----------------|
| NOTE 7: ACCOUNTS RECEIVABLE AND OTHER DEBTORS | | | |
| CURRENT | | | |
| Accounts receivable | | 96,494 | 227,110 |
| Less: Provision for impairment | 7a | (300) | (1,200) |
| | 20 | <u>96,194</u> | <u>225,910</u> |

a. Provision for impairment

Movement in the provision for impairment is as follows:

| | | |
|--|---------------|-----------------|
| Opening balance - provision for impairment | 1,200.00 | 2,882.00 |
| - Charge for year | (900.00) | (1,882.00) |
| - Written off | - | - |
| Closing balance - provision for impairment | <u>300.00</u> | <u>1,200.00</u> |

b. Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk is considered to relate to fees for counselling services.

The following table details fees and other trade debtors with ageing analysis and impairment provided thereon. Receivables that are past due are assessed for impairment by ascertaining their willingness to pay and are provided for where there are specific circumstances indicating the debt may not be fully repaid. The balances that remain within initial terms are considered to be of high credit quality.

| | Gross amount | Past due and impaired | Past due but not impaired | | | | Within initial trade terms |
|------------------|----------------|-----------------------|---------------------------|---------------|--------------|---------------|----------------------------|
| | | | <30 | 31-60 | 61-90 | >90 | |
| 2018 | | | | | | | |
| Counselling fees | 1,594 | 300 | - | - | - | 150 | 1,144 |
| Education fees | 61,521 | - | - | 4,163 | 2,991 | 1,335 | 53,032 |
| Training fees | 22,357 | - | - | 450 | - | 1,560 | 20,347 |
| Childplace fees | 9,240 | - | - | - | - | - | 9,240 |
| Other | 1,782 | - | - | - | - | - | 1,782 |
| | <u>96,494</u> | <u>300</u> | <u>-</u> | <u>4,613</u> | <u>2,991</u> | <u>3,045</u> | <u>85,545</u> |
| 2017 | | | | | | | |
| Counselling fees | 4,197 | 1,200 | - | 170 | 300 | - | 2,527 |
| Education fees | 34,326 | - | - | 7,270 | 1,905 | 2,507 | 22,644 |
| Training fees | 78,389 | - | - | 5,638 | - | 9,091 | 63,660 |
| Childplace fees | 75,389 | - | - | - | - | - | 75,389 |
| Other | 34,609 | - | - | - | - | 2,243 | 32,566 |
| | <u>227,110</u> | <u>1,200</u> | <u>-</u> | <u>13,078</u> | <u>2,205</u> | <u>13,841</u> | <u>196,786</u> |

NOTE 8: INVENTORIES

CURRENT

| | | |
|----------------------|----------------|---------------|
| At replacement value | 107,232 | 98,694 |
| Merchandise stock | <u>107,232</u> | <u>98,694</u> |

NOTE 9: OTHER CURRENT ASSETS

CURRENT

| | | |
|----------------|---------------|---------------|
| Prepayments | 53,181 | 24,654 |
| Deposits held | 1,070 | 1,070 |
| Accrued income | <u>8,616</u> | <u>11,874</u> |
| | <u>62,867</u> | <u>37,598</u> |

BRAVEHEARTS FOUNDATION LIMITED
ABN 41 496 913 890

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|---|------|------------------|------------------|
| NOTE 10: PROPERTY, PLANT AND EQUIPMENT | | | |
| Building - at cost | | 31,318 | 28,327 |
| Building - at directors' valuation | | 2,467,877 | 2,467,877 |
| Accumulated depreciation | | (295,286) | (230,754) |
| | | <u>2,203,907</u> | <u>2,265,450</u> |
| Plant and equipment - at cost | | 414,045 | 314,189 |
| Accumulated depreciation | | (302,567) | (256,007) |
| | | <u>111,478</u> | <u>58,182</u> |
| Motor vehicles - at cost | | 178,393 | 178,393 |
| Motor vehicles - at directors' valuation | | 42,199 | 42,199 |
| Accumulated depreciation | | (165,858) | (149,663) |
| | | <u>54,734</u> | <u>70,929</u> |
| Leased motor vehicles - at cost | | 137,709 | 137,709 |
| Accumulated depreciation | | (51,748) | (34,535) |
| | | <u>85,961</u> | <u>103,174</u> |
| Total Property, plant and equipment | | <u>2,456,080</u> | <u>2,497,715</u> |

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

| | Building | Plant & Equipment | Motor Vehicles | Leased Motor Vehicles | Total |
|-------------------------|------------------|-------------------|----------------|-----------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 30 June 2016 | 789,580 | 89,297 | 57,464 | 84,550 | 1,020,891 |
| Additions | 1,512,049 | 27,740 | 33,625 | 31,858 | 1,605,270 |
| Disposals | - | - | (3,372) | - | (3,372) |
| Depreciation expense | (36,179) | (58,875) | (16,788) | (13,232) | (125,074) |
| Balance at 30 June 2017 | 2,265,450 | 58,162 | 70,929 | 103,174 | 2,497,715 |
| Additions | 2,991 | 99,876 | - | - | 102,867 |
| Disposals | - | - | - | - | - |
| Depreciation expense | (64,534) | (46,560) | (16,195) | (17,213) | (144,502) |
| Balance at 30 June 2018 | <u>2,203,907</u> | <u>111,478</u> | <u>54,734</u> | <u>85,961</u> | <u>2,456,080</u> |

Buildings are located at 9 Byth Street, Arundel. The land is sub-leased from the Gold Coast City Council. The Gold Coast City Council lease this land from the Queensland State Government. The current lease expires in 2020. Prior to expiry the Gold Coast City Council will apply to the Queensland Government for a further lease of an additional twenty years and will in turn afford Bravehearts the same. The Board members have no reason to believe that on expiry of the lease in 2020 that the lease will not then be renewed for a further twenty years and accordingly are depreciating the building at 2.5% per annum (40 years).

During the year ended 30 June 2017, the company extended the building at 9 Byth Street, Arundel. The directors assessed the fair value of the extension to be \$1,428,869 with the company having contributed \$350,000 and the balance of \$1,078,869 being donations received, during the year ended 30 June 2017.

The company leases motor vehicles under finance lease agreements. At the end of the leases the company may, at its option, purchase the vehicles. The leased vehicles secure the obligations under the leases. See note 14.

NOTE 11: INTANGIBLE ASSETS

| | | |
|-----------------------------|--------------|---------------|
| Computer software - at cost | 21,976 | 21,976 |
| Accumulated amortisation | (13,429) | (6,104) |
| Net carrying amount | <u>8,547</u> | <u>15,872</u> |

BRAVEHEARTS FOUNDATION LIMITED
ABN 41 496 913 890

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|------------------|------------------|
| NOTE 12: FINANCIAL ASSETS | | | |
| NON-CURRENT | | | |
| Held to maturity investments | | 796,869 | 316,078 |
| NOTE 13: ACCOUNTS PAYABLE AND OTHER PAYABLES | | | |
| CURRENT | | | |
| Unsecured liabilities | | | |
| Accounts payable and other payables | | 427,482 | 398,269 |
| Unexpended grants and deferred income | | 1,555,923 | 1,262,367 |
| TOTAL CURRENT ACCOUNTS PAYABLE | | 1,983,405 | 1,660,636 |
| a. Financial liabilities at amortised cost classified as trade and other payables | | | |
| Accounts payable and other payables | | | |
| Total current | | 1,983,405 | 1,660,636 |
| Total non-current | | - | - |
| Less: Unexpended grants and deferred income | | 1,983,405 | 1,660,636 |
| Financial liabilities as accounts payable and other payables | 20 | (1,555,923) | (1,262,367) |
| | | 427,482 | 398,269 |
| The average credit period on accounts payable and other payables is thirty days. No interest is payable on outstanding payables during this period. | | | |
| NOTE 14: LEASE LIABILITIES | | | |
| CURRENT | | | |
| Lease liability | | 30,861 | 30,861 |
| NON-CURRENT | | | |
| Lease liability | | 35,849 | 66,710 |
| TOTAL BORROWINGS | | 66,710 | 97,571 |

The company leases motor vehicles under finance lease agreements. At the end of the leases the company may, at its option, purchase the vehicles. At the end of June 2018 the net carrying amount of the leased motor vehicles was \$85,961 (2017: \$103,174). The leased vehicles secure the obligations under the leases. See note 10.

BRAVEHEARTS FOUNDATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|---|------|----------------|----------------|
| NOTE 15: EMPLOYEE PROVISIONS | | | |
| CURRENT | | | |
| Employee provisions - annual leave entitlements | | 239,345 | 177,433 |
| Employee provisions - long service leave entitlements | | 108,511 | 88,940 |
| | | <u>347,856</u> | <u>266,373</u> |
| NON-CURRENT | | | |
| Employee provisions - long service leave entitlements | | 42,607 | 36,633 |
| | | <u>42,607</u> | <u>36,633</u> |
| TOTAL EMPLOYEE PROVISIONS | | <u>390,463</u> | <u>303,006</u> |
| Analysis of employee provisions | | | |
| Opening balance | | 303,006 | 262,507 |
| Additional provisions | | 288,129 | 279,432 |
| Amounts used | | (200,672) | (238,933) |
| Closing balance | | <u>390,463</u> | <u>303,006</u> |

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

NOTE 16: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities and contingent assets at the reporting date.

NOTE 17: EVENTS AFTER THE BALANCE SHEET DATE

The Directors are not aware of any significant events since the end of the reporting period.

BraveHearts Foundation Limited

ABN 41 496 913 890

Notes to the Financial Statements for the Year ended 30 June 2018

| | Note | 2018 \$ | 2017 \$ |
|---|------|------------|-------------|
| NOTE 18: RELATED PARTY TRANSACTIONS | | | |
| a. Key Management Personnel | | | |
| Any person(s) having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including its board members, is considered key management personnel. | | | |
| Key management personnel compensation: | | | |
| - short term benefits | | 850,424 | 841,830 |
| b. Other Related Parties | | | |
| Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated. | | | |
| Bravehearts entered into a tenancy agreement with Hetty Johnston for the Springwood office in Brisbane. Rent paid to her during the year was: | | | |
| | | 30,415 | 27,862 |
| NOTE 19: CASH FLOW INFORMATION | | | |
| a. Reconciliation of Cash Flow from Operations with net current year surplus | | | |
| Current year surplus/(deficit) | | (219,390) | 930,497 |
| Cash flows excluded from current year surplus | | | |
| - Depreciation and amortisation expense | | 151,827 | 131,178 |
| - Net surplus on disposal of property, plant and equipment | | 0 | (128) |
| - Capital asset donation | | 0 | (1,078,869) |
| - Profit on sale of investments | | (76,785) | 0 |
| - Distributions reinvested | | (3,096) | 0 |
| Changes in assets and liabilities | | | |
| (Increase)/decrease in accounts receivable and other debtors | | 129,716 | (168,278) |
| (Increase)/decrease in other current assets | | (25,269) | 25,066 |
| (Increase)/decrease in inventories on hand | | (8,538) | 32,021 |
| Increase/(decrease) in accounts payable and other payables | | 29,213 | (39,560) |
| Increase/(decrease) in employee provisions | | 87,457 | 40,499 |
| Increase/(decrease) in unexpended grants and deferred income | | 293,556 | 195,578 |
| Net cash provided by/(used in) operating activities | | 358,691 | 68,004 |

b. Non-cash transactions

During the year the following non-cash transactions occurred:

- i. Donations in kind or pro-bono services to a value of \$123,860 (2017: \$356,075) were recognised during the year
 - ii. Buildings to the value of \$nil (2017: \$1,078,869) were donated during the year (refer note 10)
 - iv. During the year the company acquired motor vehicles to the value of \$nil (2017: \$31,856) by means of finance leases.
- These transactions are not reflected in the Statement of Cash Flows.

Bravehearts Foundation Limited

ABN 41 496 913 890

Notes to the Financial Statements for the Year ended 30 June 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|------------------|------------------|
| NOTE 20: FINANCIAL RISK MANAGEMENT | | | |
| The association's financial instruments consist mainly of deposits with banks, accounts receivable and payables. The totals 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: | | | |
| Financial Assets | | | |
| Cash and cash equivalents | 6 | 2,185,082 | 2,361,029 |
| Accounts receivable and other debtors | 7 | 96,194 | 225,910 |
| Financial Assets | 12 | 796,869 | 316,078 |
| TOTAL FINANCIAL ASSETS | | 3,078,145 | 2,903,017 |
| Financial Liabilities | | | |
| Accounts payable and other payables | 13 | 427,482 | 398,269 |
| Lease Liabilities | 14 | 66,710 | 97,571 |
| TOTAL FINANCIAL LIABILITIES | | 494,192 | 495,840 |

Financial Risk Management Policies

The Committee meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Committee's overall risk management strategy seeks to assist the entity in meeting its financial targets, whilst minimising potential adverse effects of cash flow shortfalls.

Specific Financial Risk Exposures and Management

The main risks the association is exposed to through its financial instruments are credit risk and liquidity risk. There have been no substantive changes in the types of risks the association is exposed to, how these risks arise, or the committee's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

Credit risk is managed through maintain procedures (such as utilisation of systems of approval, grating and removal of credit limits, regular monitoring of exposure against such limits and monitoring the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise assessed as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. There is no collateral held by the association securing accounts receivable and other debtors. Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high quality. Aggregates of such amounts are detailed in note 7.

The company has no significant concentrations of risk with any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 7.

b. Liquidity Risk

Liquidity risk arises from the possibility that the association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to operational and financing activities;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid receivables.

Bravehearts Foundation Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 20: FINANCIAL RISK MANAGEMENT (cont'd)

Financial Liability and Financial Asset Maturity Analysis

| | Within 1 Year | | 1 to 5 Years | | Over 5 Years | | Total | |
|---|---------------|---------|--------------|--------|--------------|------|---------|---------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Financial liabilities due for payment | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Accounts payable and other payables (excluding employee benefits) | 427,482 | 398,269 | - | - | - | - | 427,482 | 398,269 |
| Financial lease liabilities | 30,861 | 30,861 | 35,849 | 66,710 | - | - | 66,710 | 97,571 |
| Total expected outflows | 458,343 | 429,130 | 35,849 | 66,710 | - | - | 494,192 | 495,840 |

Financial assets — cash flows realisable

| | | | | | | | | |
|---|-----------|-----------|----------|----------|---------|---------|-----------|-----------|
| Cash and cash equivalents | 2,185,082 | 2,361,029 | - | - | - | - | 2,185,082 | 2,361,029 |
| Accounts receivable and other debtors | 96,194 | 225,910 | - | - | - | - | 96,194 | 225,910 |
| Financial assets | - | - | - | - | 796,869 | 316,078 | 796,869 | 316,078 |
| Total anticipated inflows | 2,281,276 | 2,586,939 | - | - | 796,869 | 316,078 | 3,078,145 | 2,903,017 |
| Net (outflow)/inflow on financial instruments | 1,822,933 | 2,157,809 | (35,849) | (66,710) | 796,869 | 316,078 | 2,583,953 | 2,407,177 |

Net Fair Values

The net fair values of financial assets and financial liabilities approximate their carrying value.

Bravehearts Foundation Limited
ABN 41 496 913 890

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|---|------|------------|------------|
| NOTE 21: CAPITAL AND LEASING COMMITMENTS | | | |
| a) Finance lease commitments | | | |
| Payable – minimum lease payments | | | |
| - not later than 12 months | | 30,861 | 30,861 |
| - later than 12 months but not later than 5 years | | 35,849 | 66,710 |
| - greater than 5 years | | - | - |
| Minimum lease payments | | 66,710 | 97,571 |
| Less: Future finance charges | | - | - |
| Present value of minimum lease payments | 14 | 66,710 | 97,571 |

b) Operating lease commitments

| | Within 1 Year | | 1 to 5 Years | | Over 5 Years | | Total | |
|---|---------------|--------|--------------|------|--------------|------|---------|--------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Operating Lease Commitments for rental of office premises | 65,649 | 14,875 | 66,298 | 3 | | | 131,947 | 14,878 |

The company has a lease agreement for the premises located at Lot 10 SP161040 with the Gold Coast City Council, which commenced 1 October 2007 and expires 30 August 2020. As the annual lease expense amount is not known until receipt of an invoice from GCCC, the future liability cannot be determined with an acceptable degree of reliability. Accordingly, the operating lease commitment details cannot be disclosed in accordance with Accounting Standard AASB 117 'Leases'.

The company has entered into a number of non-cancellable operating leases for branch offices. Lease terms range from periodic monthly tenancy to thirty six months. Rental is either paid monthly in advance or is provided as a donation in kind.

NOTE 22: ENTITY'S DETAILS

ABN 41 496 913 890

ACN 607 315 917

The registered office of the entity is:

Bravehearts Foundation Limited

9 Byth Street

ARUNDEL QLD 4214

The principal place of business is:

Bravehearts Foundation Limited

9 Byth Street

ARUNDEL QLD 4214

NOTE 23: MEMBERS' GUARANTEE

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company 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 2018, the number of paid up members was 22 (2017: 56).

Bravehearts Foundation Limited
ABN 41 496 913 890

DIRECTORS' DECLARATION

The Directors of Bravehearts Foundation Limited declare that in the directors opinion:

1. The financial statements and notes, as set out on pages 7 to 28 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position of the registered entity as at 30th June 2018 and of its performance for the year ended on that date
2. There are reasonable grounds to believe that Bravehearts Foundation Limited will be able to pay its debts as and when they become due and payable.

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

Director's signature:.....

Dated this 26th day of October 2018

Bravehearts Foundation Limited
ABN 41 496 913 890
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BRAVEHEARTS FOUNDATION LIMITED
(Page 1 of 3)

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Bravehearts Foundation Limited (the Company), which comprises the statement of financial position as at 30 June 2018, 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 other explanatory information, and the directors' declaration.

In our opinion, except for the effects, if any, of the matters described in the Basis for Qualified Opinion Section of our report, the accompanying financial report of Bravehearts Foundation Limited has been prepared in accordance with Division 60 of 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 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013.

Basis for Qualified Opinion

Donations (including those in-kind) and Fundraising are significant sources of revenue for Bravehearts Foundation Limited. Given the nature of these revenue sources, established controls over the collection of these receipts prior to entry into the financial records are limited. Accordingly, our audit procedures with respect to these revenue sources was restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion as to the completeness of donations of \$1,226,526, donations in-kind of \$123,860 (included within donations) and fundraising income of \$79,803. A similar qualification was included in our 30 June 2017 audit report and, accordingly, the comparative financial information and opening retained surplus amount carried forward should be read in conjunction with same.

Included in Building – at directors valuation of \$2,467,877 is capital asset donation of \$1,078,869 in relation to the extension of the building (refer note 10 to the financial statements). Whether this represents fair value is uncertain.

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 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 qualified opinion.

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Bravehearts Foundation Limited
ABN 41 496 913 890
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BRAVEHEARTS FOUNDATION LIMITED
(Page 2 of 3)

Emphasis of Matter – Economic Dependence

We draw attention to Note 1p to the financial report which states that the company is dependent on the Department of Communities (Queensland) and the Department of Social Services (Family Support Program) for a substantial amount of its revenue used to operate the business, together with various other grants and donations received from the community. Our opinion is not modified in respect of this matter.

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 Company's annual report for the year ended 30 June 2018, 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Bravehearts Foundation Limited for the year ended 30 June 2018, intended to be included on the Company's website. The Company's directors are responsible for the integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the website.

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 and 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 related 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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BRAVEHEARTS FOUNDATION LIMITED
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BRAVEHEARTS FOUNDATION LIMITED
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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism 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 controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, 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 directors.
- Conclude on the appropriateness of 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 disclosure 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 transaction 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.

WPIAS Pty Ltd

Authorised Audit Company No. 440306



Lee-Ann Dippenaar BCom CA RCA
Director

Dated this 26 October 2018

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