Migrant Resource Centre (Southern Tasmania) Incorporated

FINANCIAL STATEMENTS

30 JUNE 2020

MIGRANT RESOURCE CENTRE (SOUTHERN TASMANIA) INCORPORATED
T/A MIGRANT RESOURCE CENTRE TASMANIA

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	NOTES	2020 $	2019 $
Revenue from Operations	2	7,653,517	6,699,350
		7,653,517	**6,699,350**
Employee Benefits Expense	3	4,514,644	4,584,799
Operational Expenses		2,811,812	2,248,800
Depreciation and Amortisation	4	236,140	102,000
Administration Expenses		61,140	252,175
		7,623,736	**7,187,774**
OPERATING SURPLUS/(DEFICIT)		**29,781**	**(488,424)**
Non-recurring Funding		399,629	1,070,948
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**429,410**	**582,524**

The accompanying notes form part of these financial statements.

MIGRANT RESOURCE CENTRE (SOUTHERN TASMANIA) INCORPORATED
T/A MIGRANT RESOURCE CENTRE TASMANIA

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTES	2020	2019
		$	$
ASSETS			
Current Assets			
Cash	5	3,413,207	3,347,156
Receivables & Other Assets	6	105,569	593,373
Prepayments	6	32,257	99,963
Accrued Income	6	272,373	57,785
Inventory		989	-
Total Current Assets		**3,824,395**	**4,098,277**
Non-current Assets			
Land & Buildings	7	3,398,399	-
Furniture, Equipment & Motor Vehicles	8	347,983	353,570
Leases	9	124,091	-
Total Non-current Assets		**3,870,473**	**353,570**
TOTAL ASSETS		**7,694,868**	**4,451,847**
LIABILITIES			
Current Liabilities			
Creditors & Accruals	10	843,267	809,336
Employee Provisions	11(a)	375,719	322,303
Provisions		233,230	-
Unexpended Funds	12	1,361,832	1,076,332
Borrowings	13 (a)	143,391	12,598
Total Current Liabilities		**2,957,439**	**2,220,568**
Non-current Liabilities			
Employee Provisions	11(b)	49,936	24,666
Provisions		229,219	-
Lease Liability		125,642	-
Borrowings	13 (b)	1,708,667	12,058
Total Non-current Liabilities		**2,113,464**	**36,724**
TOTAL LIABILITIES		**5,070,903**	**2,257,292**
NET ASSETS		**2,623,965**	**2,194,555**
EQUITY			
Retained Earnings		2,623,965	2,194,555
TOTAL EQUITY		**2,623,965**	**2,194,555**

The accompanying notes form part of these financial statements.

MIGRANT RESOURCE CENTRE (SOUTHERN TASMANIA) INCORPORATED
T/A MIGRANT RESOURCE CENTRE TASMANIA

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	NOTES	Retained Earnings $	Reserves	Total Equity $
BALANCE AT 30 JUNE 2018		1,535,385	-	1,535,385
Surplus/(Deficit)		582,524	-	582,524
Other Comprehensive Income for the year		-	-	-
Prior Year Adjustment		76,646	-	76,646
BALANCE AT 30 JUNE 2019		**2,194,555**	**-**	**2,194,555**
Surplus/(Deficit)		429,410		429,410
Other Comprehensive Income for the year		-	-	-
Transfers		(444,224)	444,224	-
BALANCE AT 30 JUNE 2020		**2,179,741**	**444,224**	**2,623,965**

The accompanying notes form part of these financial statements.

MIGRANT RESOURCE CENTRE (SOUTHERN TASMANIA) INCORPORATED
T/A MIGRANT RESOURCE CENTRE TASMANIA

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	NOTES	2020	2019
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants Received		3,990,272	3,600,192
Receipts from Customers		4,721,909	4,143,695
Interest Received		41,496	56,594
Interest Paid		(7,361)	(3,430)
Payments to Suppliers and Employees		(6,880,267)	(7,000,770)
Net Cash Inflow (Outflow) from Operating Activities	14	**1,866,049**	**796,281**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant & Equipment		(1,639,977)	(7,648)
Proceeds from Sale of Property, Plant & Equipment		-	643
Net Cash Inflow (Outflow) from Investing Activities		**(1,639,977)**	**(7,005)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		-	(55,285)
Repayment of Lease Liabilities		(160,021)	-
Net Cash Inflow (Outflow) from Financing Activities		**(160,021)**	**(55,285)**
Net Increase (Decrease) in Cash and Cash Equivalents		66,051	733,991
Cash at the Beginning of the Financial Year		3,347,156	2,613,165
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	5	**3,413,207**	**3,347,156**

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE ACCOUNTS

AS AT 30 JUNE 2020

1. SUMMARY OF ACCOUNTING POLICIES

General System of Accounting underlying the Financial Statements

The directors have prepared the financial statements on the basis that the Incorporated Association is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012.* The Incorporated Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

AASB 101 Presentation of Financial Statements
AASB 107 Statement of Cash Flows
AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110 Events After Balance Sheet Date
AASB 1048 Interpretation of Standards
AASB 1054 Australian Additional Disclosures.
AASB 16 Leases

Accounting Policies which have been significant in the Preparation and Presentation of the Accounts

(a) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Deferred consideration is not discounted to present values when recognising revenue.

When grant or donation revenue is received the Association has to determine whether the contract is enforceable and has sufficiently specific performance obligations. Where both attributes are present the revenue is recognised in the Statement of Financial Position as a liability until the obligation has been satisfied. Otherwise the grant is recognised as income on receipt.

Capital grants are recognised as a liability until the entity satisfies its obligations under the contract.

Interest revenue is recognised in the period in which it is earned.

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

(b) Cash and Cash Equivalents

Cash on hand includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(c) Receivables and Other Debtors

Trade and other 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.

(d) Creditors and Accruals

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

(e) Employee Provisions

Provision is made for the Association’s liability for employee entitlements arising from services rendered by employees to the end of the reporting period. Employee provisions have been measured at the amounts expected to be paid when the liability is settled.

NOTES TO AND FORMING PART OF THE ACCOUNTS

AS AT 30 JUNE 2020

(f) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(g) Unexpended Grant Funding

It is the policy of the Association to treat grant monies as unexpended grant liabilities in the statement of financial position where the Association 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.

(h) Borrowings

Borrowings are initially measured at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings which are due to be settled within twelve months after the balance date are included in current borrowings in the statement of financial position even if the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance date are included in non-current borrowings in the statement of financial position.

(i) Land & Buildings

Land and Buildings are valued at cost less any depreciation and impairment losses.

(j) Furniture, Equipment & Motor Vehicles

Furniture, equipment and motor vehicles are measured at cost less depreciation and any impairment losses.

The carrying amount of furniture, equipment and motor vehicles is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(k) Depreciation

Depreciation is provided on all fixed assets except freehold land. Furniture and equipment depreciation is calculated on either straight line basis or diminishing value method so as to write off the net cost of each asset during its expected useful life. Motor vehicles are depreciated on a diminishing value basis over their estimated useful economic lives. Freehold buildings are depreciated on a straight line basis.

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

Building & Improvements	2.50%
Furniture & Equipment	8%-25%
Motor Vehicles	15%-20%

(l) Income Tax

The Association is an exempt body under section 23(e) of the *Australian Income Tax Assessment Act 1936* (as amended) and in accordance with a ruling from the Deputy Commissioner of Taxation.

(m) Related Party Transactions

During the course of the financial year no services of organisations in which Members of the Board have a relationship on a commercial basis has been entered into. If conflicts of interest arose Board Members have complied with the conflicts of interest policy and have, where appropriate, declined to participate in Board discussion and decision making.

(n) Leases

At inception of a contract, the Association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Association where the Association is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease. Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Association uses the incremental borrowing rate.

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

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

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

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Association anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(f) Adoption of New and Revised Accounting Standards

AASB 16: Leases (Applicable to annual reporting periods beginning after 1 January 2019).

The Association has adopted AASB 16: Leases modified retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The Association has recognised a lease liability and right-of-use asset for all leases (with the exception for short term and low value leases) recognised as operating leases under AASB 117: Leases where the Association is the lessee. There has been no significant change from prior year treatment for leases where the Association is a lessor.

The lease liabilities are measured at the present value of the remaining lease payments. The Association’s incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets were measured and recognised in the Statement of Financial Position as at 1 July 2019 by taking into consideration the lease liability, prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

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

- For a portfolio of leases that have reasonable similar characteristics, a single discount rate has been applied.
- The use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- Applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- Not applying AASB 16 to leases previously not identified as containing a lease under AASB 17 and Interpretation 4.

The Association’s weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 2.5%.

MIGRANT RESOURCE CENTRE (SOUTHERN TASMANIA) INCORPORATED
T/A MIGRANT RESOURCE CENTRE TASMANIA

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	2020	2019
	$	$
2. REVENUE		
Operating Revenue		
Government Grants	3,599,875	3,179,409
Consumer Direct Care	1,100,811	1,290,138
Subcontractor Revenue	1,978,304	1,534,857
Donations	66,745	11,477
Interest	41,883	56,594
Memberships	100	255
	6,787,718	**6,072,730**
Other Revenue		
Aged Care Revenue	27,456	26,723
Other Income	19,379	31,074
Retail Sales	88,067	-
COVID Assistance	181,014	-
Rental Income	459,250	363,419
Fee for Service	90,633	205,404
	865,799	**626,620**
Total Revenue	**7,653,517**	**6,699,350**
3. EMPLOYEES BENEFITS EXPENSE		
Wages & Salaries	3,763,265	4,114,214
Superannuation	349,499	376,640
Leave Provisions	263,295	7,030
Workers Compensation	49,034	41,886
Training & Development	24,637	26,442
Other Employment Costs	64,915	18,587
Total Employees Benefits Expense	**4,514,644**	**4,584,799**
4. DEPRECIATION & AMORTISATION		
Depreciation - Furniture & Equipment	66,307	78,644
Depreciation - Motor Vehicles	20,858	23,356
Amortisation - Leases	148,975	-
Total Depreciation & Amortisation	**236,140**	**102,000**
5. CASH & CASH EQUIVALENTS		
ANZ Bank	334,804	63,671
ANZ Investment Account	2,511,663	1,230,210
ANZ Migration Account	8,758	25,608
ANZ Term Deposits	553,588	2,024,257
ANZ Social Enterprise	506	-
Cash on Hand	3,888	3,410
Total Cash & Cash Equivalents	**3,413,207**	**3,347,156**

	2020	2019
	$	$
6. RECEIVABLES AND OTHER DEBTORS		
a) Debtors & Other Assets		
Accounts Receivable	100,069	588,859
Payroll Clearing	-	1,314
Rental Bonds Receivable	5,500	3,200
	105,569	**593,373**
b) Prepayments		
Prepaid Expenses	9,039	16,827
Prepaid Insurance	23,218	83,136
	32,257	**99,963**
c) Accrued Income		
Accrued Income	269,108	8,417
Accrued Income - CDC	3,265	49,368
	272,373	**57,785**
Total Receivables & Other Debtors	**410,199**	**751,121**
7. LAND & BUILDINGS		
Land	914,477	-
Building & Improvements	2,493,834	-
Provision for Depreciation	(9,912)	-
Total Land & Buildings	**3,398,399**	**-**
8. FURNITURE, EQUIPMENT & MOTOR VEHICLES		
Furniture and Equipment at Cost	459,955	573,790
Provision for Depreciation	(208,739)	(319,540)
Total Furniture & Equipment	**251,216**	**254,250**
Motor Vehicles at Cost	203,200	203,886
Provision for Depreciation	(106,433)	(104,566)
Total Motor Vehicles	**96,767**	**99,320**
Total Furniture, Equipment & Motor Vehicles	**347,983**	**353,570**

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	2020 $	2019 $
9. LEASES		
Right of Use Asset	273,066	-
Accumulated Amortisation	(148,975)	-
Total Leases	**124,091**	**-**

	2020 $	2019 $
10. CREDITORS & ACCRUALS		
Accruals	177,774	333,984
GST & PAYG Tax Payable / (Receivable)	157,091	156,567
Bonds - Rental Properties	-	1,010
Creditors	183,764	150,163
Credit Cards	16,853	25,460
Revenue Received in Advance	156,810	17,976
Superannuation Payable	27,698	32,669
Accrued Wages & Salaries	123,277	91,506
Total Creditors & Accruals	**843,267**	**809,336**

	2020 $	2019 $
11. EMPLOYEE PROVISIONS		
(a) Current Provisions		
Provision for Long Service Leave - Current	90,764	98,140
Provision for Annual Leave	284,576	224,163
TIL Provision	379	-
Total	**375,719**	**322,303**
(b) Non - Current Provisions		
Provision for Long Service Leave - Non-current	49,936	24,666
	49,936	**24,666**
Total Employee Provisions	**425,655**	**346,969**

	2020 $	2019 $
12. UNEXPENDED FUNDS		
Research Grants	6,000	18,750
Corporate Services	-	15,337
Aged Care Services	559,078	344,566
Phoenix Services	237,425	349,697
Settlement Services	559,329	347,982
Total Unexpended Funds	**1,361,832**	**1,076,332**

Unexpended funds liability reflects income received in advance and grant funds received and unspent at the end of the financial year.

	2020 $	2019 $
13.BORROWINGS		
(a) Current Borrowings		
Car Loan	12,058	12,598
Mortgage	98,000	-
Converting Grant Liability	33,333	-
Total	**143,391**	**12,598**
(b) Non - Current Borrowings		
Car Loan	-	12,058
Mortgage	742,000	-
Converting Grant Liability	966,667	-
Total	**1,708,667**	**12,058**
Total Borrowings	**1,852,058**	**24,656**

	2020	2019
	$	$

14. CONTINGENT LIABILITIES

There are no known contingent liabilities at year end.

15. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with surplus from operations:

	2020 $	2019 $
Surplus/(Deficit) for the year	429,410	582,524
Depreciation	236,140	102,000
(Gain)/Loss on Sale of Assets		-
Doubtful Debts	-	-
Prior Year Adjustment	-	76,646
Changes in Assets and Liabilities		
Decrease / (Increase) in Receivables & Other Assets	487,804	(521,006)
Decrease / (Increase) in Prepayments	67,706	(80,847)
Decrease / (Increase) in Accrued Income	(214,588)	63,656
Decrease / (Increase) Inventory	(988)	-
(Decrease) / Increase in Employee Provisions	78,685	7,031
(Decrease) / Increase in Provisions	462,449	-
(Decrease) / Increase in Creditors & Accruals	33,931	222,140
(Decrease) / Increase in Unexpended Funds	285,500	344,137
	1,866,049	**796,281**

16. AUDIT REMUNERATION

Remuneration of the auditor, Wise Lord & Ferguson for:

	2020 $	2019 $
Auditing the financial statements and grant acquittals	18,550	16,800
Other services	484	6,765
Total	**19,034**	**23,565**

17. SUBSEQUENT EVENT

During the 2020 financial year, the COVID-19 pandemic occurred which required the Federal and State Governments to introduce restrictions on the movement of the general population, including the closure of international and state borders, social distancing, restrictions on some businesses and work from home requirements. This has impacted MRC Tas service delivery model and closure of borders has impacted trading revenue.

Support relating to the COVID-19 pandemic has been received from the Federal and State Governments, and stimulus measures have assisted to ensure the 2020 financial year result was not negatively impacted. The Board will continue to closely monitor the financial performance of MRC and continue to adapt to the COVID-19 environment as circumstances change in the future.

MIGRANT RESOURCE CENTRE (SOUTHERN TASMANIA) INCORPORATED
T/A MIGRANT RESOURCE CENTRE TASMANIA

BOARD OF MANAGEMENT DECLARATION

The Directors have 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.

The Directors of the Association declare that:

1. The financial statements and notes present fairly the entity's financial position as at 30 June 2020 and there performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the Australian Charities and Not-for-Profits Commission Act of 2012; and

2. In the Directors’ opinion, there are reasonable grounds to believe that the entity will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:

Nicholas Bedding	Chris Stennard
Chairperson	**Treasurer**
21-Oct-20	21-Oct-20

INDEPENDENT AUDITOR'S REPORT

Migrant Resource Centre (Southern Tasmania) Incorporated

Report on the Audit of the Financial Report

We have audited the financial report of Migrant Resource Centre (Southern Tasmania) Incorporated, which comprises the balance sheet as at 30 June 2020, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Board of Management's declaration.

In our opinion the financial report of Migrant Resource Centre (Southern Tasmania) Incorporated 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 Association's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

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

Basis for opinion

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

Responsibility of the Board of Management for the Financial Report

The Board of Management of the Association are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act. The Board of Management's responsibility also includes such internal control as the Board of Management determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

JOANNE DOYLE
Partner
Wise Lord & Ferguson

Date: 21 October 2020