

FINANCIAL REPORT FOR THE PERIOD ENDED 30 September 2020

Head Office: Level 1, 24-32 O'Riordan Street, Alexandria, NSW 2015

# **Caritas Australia** Responsible Entity Declaration

The responsible entities declare that in the responsible entities' opinion:

(a) There are reasonable grounds to believe that Caritas Australia is able to pay all its debts, as and when they become due and payable; and

(b) The financial statements and notes satisfy the requirements of the *Australian Charities and not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of Australian Charities and Notfor-profit Commission Regulation 2013.

Wendy Hughes

Wendy Hughes Chair – Audit & Risk Committee

Dated this 17<sup>th</sup> May 2021



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# Auditor's Independence Declaration To the Responsible Entities' of Caritas Australia ABN 90 970 605 069

I declare that to the best of my knowledge and belief, during the period ended 30 September 2020 there have been no contraventions of:

- i. the auditor's independence requirements as set out in the Australian Charities and Notfor-profits Commission Act 2012 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Caritas Australia during the year.

JOHN GAVLJAK Partner

PITCHER PARTNERS Sydney

17 May 2021



Adelaide Brisbane Melbourne Newcastle Perth Sydney

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# STATEMENT OF INCOME AND EXPENDITURE FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	NOTE	Period 1 Jul 2020 - 30 Sept 2020	Year ended 30 Jun 2020
REVENUE		\$	\$
Donations and gifts:			
Monetary		2,529,321	16,756,217
Non-monetary		_,,	39,814
Legacies and bequests		340,017	4,595,995
Grants:			
DFAT		2,733,744	8,028,846
Other Australian		4,757,509	6,497,378
Other overseas		19,438	199,899
Investment income		353,452	1,062,429
Other income		935,539	1,048,193
TOTAL REVENUE	2	11,669,020	38,228,771
EXPENDITURE International Aid and Development Programs Expenditure International programs: Funds to international programs Program support costs Community education Fundraising costs: Public Government, multilateral and private Accountability and administration Non-monetary expenditure		8,853,842 1,076,672 1,272,399 1,058,188 - 127,181	21,304,280 3,568,876 4,952,809 4,571,041 191,143 1,683,751 39,814
<b>Total International Aid and Development Programs</b> <b>Expenditure</b> Expenditure for international political or religious proselytisation programs Domestic programs expenditure		12,388,282 0 24,681	36,311,714 17,150 1,174,897
TOTAL EXPENDITURE	3	12,412,963	37,503,761
	U U		
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE		(743,943)	725,010

No Emergency Appeal generated 10 per cent or more of the total income for the period 1 July to 30 September 2020. During the period 1 Jul to 30 September 2020, Caritas Australia received no income for international political or religious proselytisation programs.

# STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Note	Period 1 Jul 2020 -	Year ended
		30 Sept 2020 \$	30 Jun 2020 \$
Excess (Shortfall) of revenue over expenditure		(743,943)	725,010
Other comprehensive income:			
Gain/(Loss) on revaluation of financial assets	11(c)	(162,030)	1,248,842
Total Other comprehensive income for the period		(162,030)	1,248,842
TOTAL COMPREHENSIVE INCOME (LOSS) FOR			
THE PERIOD		(905,973)	1,973,852

# BALANCE SHEET AS AT 30 SEPTEMBER 2020

	Note	30 Sept 2020 \$	30 June 2020 \$
CURRENT ASSETS		·	
Cash and cash equivalents	4	36,060,027	33,762,280
Trade and other receivables		385,858	941,736
Prepayments	-	939,484	694,728
TOTAL CURRENT ASSETS	-	37,385,369	35,398,744
NON-CURRENT ASSETS			
Other financial assets	6	12,954,991	12,976,963
Property, plant and equipment	7	872,392	928,858
Right-of-use assets	9	3,430,762	3,629,721
Intangible assets	5 _	1,104,085	1,109,759
TOTAL NON-CURRENT ASSETS	-	18,362,230	18,645,301
TOTAL ASSETS	_	55,747,599	54,044,045
CURRENT LIABILITIES			
Trade and other payables	8	7,638,284	4,768,646
Other liabilities		44,996	53,435
Lease liabilities	9	733,849	722,815
Short term provisions	10	1,643,239	1,633,704
TOTAL CURRENT LIABILITIES	-	10,060,368	7,178,600
NON-CURRENT LIABILITIES			
Lease liabilities	9	2,761,285	2,948,677
Long term provisions	10	267,064	267,064
TOTAL NON-CURRENT LIABILITIES	-	3,028,349	3,215,741
TOTAL LIABILITIES	-	13,088,717	10,394,341
NET ASSETS	-	42,658,882	43,649,704
EQUITY			
Reserves	11	18,511,001	18,752,690
Accumulated funds available for future use	12	24,147,881	24,897,014
TOTAL EQUITY	=	42,658,882	43,649,704

# STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Note	Accumulated Funds Available for Future Use \$	11(b) Committed Funds Reserves \$	11(a) Specified Purpose Reserves \$	11(c) Financial Assets Reserve \$	Total \$
Balance at 1 July 2019	11000	24,972,745	14,679,790	4,911,290	(666,624)	43,897,201
Excess of revenue over expenditure		725,010	-	-	-	725,010
Other comprehensive income for the year	11(c)	(1,248,842)	-	-	1,248,842	-
Transfers (to) from reserves:						
Committed Funds Reserves	11(b)	(156,411)	(816,095)	-	-	(972,506)
Specified Purpose Reserves	11(a)	604,513	-	(604,513)	-	-
Balance at 30 June 2020	•	24,897,014	13,863,695	4,306,777	582,218	43,649,704
(Shortfall) of revenue over expenditure		(743,943)	-	-	-	(743,943)
Other comprehensive income for the period	11(c)	162,030	-	-	(162,030)	-
Transfers (to) from reserves:						
Committed Funds Reserves	11(b)	(178,605)	(68,274)	-	-	(246,879)
Specified Purpose Reserves	11(a)	11,385	-	(11,385)	-	-
Balance at 30 September 2020	-	24,147,881	13,795,421	4,295,392	420,188	42,658,882

# STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Note	Period 1 Jul 2020 - 30 Sept2020	Year Ended 30 Jun 2020
CASH FLOWS FROM OPERATING ACTIVITIES		\$	\$
Grants and donations received Payments for projects and to suppliers and employees GST (net) remitted to the ATO Dividends received Interest received		16,215,927 (12,711,619) (993,898) 214,835 29,416	39,891,671 (37,287,044) (808,132) 549,111 473,014
NET CASH PROVIDED BY OPERATING ACTIVITIES	14	2,754,661	2,818,620
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for leasehold improvements, plant and equipment Payments for intangible software cost Payments for investments <b>NET CASH (USED IN) INVESTING ACTIVITIES</b>		(7,168) (14,000) (259,388) (280,556)	(197,655) (45,004) (3,391,223) (3,633,882)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for lease liabilities		(176,358)	(303,726)
NET CASH (USED IN) FINANCING ACTIVITIES		(176,358)	(303,726)
Net increase/(decrease) in cash held Cash at beginning of year		2,297,747 33,762,280	(1,118,988) 34,881,268
CASH AT END OF FINANCIAL PERIOD	4	36,060,027	33,762,280

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

The financial report covers the entity of Caritas Australia which is an agency of the Australian Catholic Bishops Conference. The financial report was authorised for issue by the Caritas Australia National Council, a delegated committee of the Bishops Commission.

# Note 1: Summary of Significant Accounting Policies

# **Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board, *Australian Charities and Not-for-profits Commission Act 2012* and the Australian Council for International Development (ACFID) Code of Conduct. For further information of the Code of Conduct, please refer to the ACFID Code of Conduct Guidance available at <u>www.acfid.asn.au</u>. Caritas Australia is a not-for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) have concluded would result in a finance report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Bishops Commission to exercise its judgement in the process of applying Caritas Australia's' accounting policies. The areas involving a higher degree judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(p).

# Accounting Policies

# (a) Income Tax

No income tax is payable by Caritas Australia as the entity is exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*.

# (b) Leasehold Improvements, Plant and Equipment

Leasehold improvements, plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of leasehold improvements, plant and equipment is reviewed quarterly by the Audit and Risk Management Committee to ensure that 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

# Note 1: Summary of Significant Accounting Policies (continued)

#### (b) Leasehold Improvements, Plant and Equipment (continued)

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 Caritas Australia and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of income and expenditure during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised 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:

<b>Class of Non-Current Asset</b>	Amortisation / Depreciation Rate
Leasehold Improvements	10.0% or Shorter over life of lease
Motor Vehicles	25.0%
Plant and Equipment	10.0% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of income and expenditure. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated funds available for future use.

#### (c) Leases

#### (i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Caritas Australia allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property Caritas Australia has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Caritas Australia recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to Caritas Australia by the end of the lease term or the cost of the right-of-use asset

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

#### Note 1: Summary of Significant Accounting Policies (continued)

#### (c) Leases (continued)

will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Caritas Australia's incremental borrowing rate. Generally, Caritas Australia uses its incremental borrowing rate as the discount rate.

Caritas Australia determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that Caritas Australia is reasonably certain to exercise, lease payments in an optional renewal period if Caritas Australia is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Caritas Australia is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Caritas Australia's estimate of the amount expected to be payable under a residual value guarantee, if Caritas Australia changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Caritas Australia presents right-of-use assets that do not meet the definition of investment property in right-of-use assets and lease liabilities in the statement of financial position.

# Short-term leases and leases of low-value assets

Caritas Australia has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. Caritas Australia recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, Caritas Australia allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

#### Note 1: Summary of Significant Accounting Policies (continued)

#### (c) Financial Instruments

#### Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when Caritas Australia becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that Caritas Australia commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified 'at fair value through profit and loss'.

Transaction costs related to instruments classified 'at fair value through profit and loss' are expensed to the statement of income and expenditure immediately.

#### Classification of financial assets

Financial assets recognised by Caritas Australia are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether Caritas Australia irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVTOCI) in accordance with the relevant criteria in AASB 9 or fair value through profit or loss.

#### Classification of financial liabilities

All financial liabilities recognised by Caritas Australia are subsequently measured at amortised cost.

#### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions and reference to similar instruments.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risk and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value 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 is recognised in income and expenditure.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

#### Note 1: Summary of Significant Accounting Policies (continued)

#### (e) Impairment of Assets

At each reporting date, Caritas Australia reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of income and expenditure.

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

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

#### (f) Intangible Assets

Software development expense is capitalised only if it can be measured reliably, it is technically feasible, future economic benefits are probable and the agency intends to, and has sufficient resources to complete the development and to use the asset. Intangible assets, both acquired and internally generated are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the estimated useful life of the asset between 5-15 years. The estimated useful life varies and as a result the amortisation method is reviewed at the end of each annual reporting period.

#### (g) Foreign Currency Transactions and Balances

#### Functional and Presentation Currency

The functional currency of Caritas Australia is measured using the currency of the primary economic environment in which Caritas Australia operates. The financial statements are presented in Australian dollars which is Caritas Australia's functional and presentation currency.

#### Transactions and Balances

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

Exchange differences arising on the transaction of monetary items are recognised in the statement of income and expenditure, except when deferred in equity as a qualifying cash flow or net investment hedges.

Exchange differences arising on the transaction of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of income and expenditure.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

#### Note 1: Summary of Significant Accounting Policies (continued)

#### (h) Employee Benefits

#### Short-term employee benefits

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

#### Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

# (i) **Provisions**

Provisions are recognised when Caritas Australia 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.

# (j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less.

#### (k) Revenue

Revenue recognised under AASB 15 is measured at the amount which Caritas Australia expects to receive in consideration for satisfying performance obligations to a customer. A performance obligation is the distinct good or service defined within the contract with a customer. The transaction price is allocated to one or more performance obligations contained within the contract, with revenue being recognised as or when the performance obligation is satisfied.

Where consideration comprises variable components, the amount recognised as revenue is constrained to that amount that would not result in a significant reversal of the cumulative revenue recognised when that uncertainty is resolved.

Grant funding that contain specific conditions on the use of those funds are recognised as and when Caritas Australia satisfies its performance obligations by providing those goods and services. A contract liability is recognised for unspent grant funds for which a refund obligation exists in relation to the funding period. General grants that do not impose specific performance obligations on Caritas Australia are recognised as income when Caritas Australia obtains control of those funds, which is usually on receipt.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

# Note 1: Summary of Significant Accounting Policies (continued)

#### (k) Revenue (continued)

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

Donations are recognised at the time the pledge is made.

Gifts in kind are recognised at fair value, when its measurement can be reasonably determined. The contributions included in the financial report are measured on the basis of the wage, salary or rental expenses incurred by the relevant Archdioceses who have donated staff time to Caritas Australia. The contributions are also expensed at the same value in the expense category to which it is related.

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

# (I) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

# (m) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in the presentation for the current financial year. The comparative period is from 1 July 2019 to 30 June 2020.

# (n) **Reserves**

Reserves represent funds held for the specific purpose (restricted) for which they were raised or in the case of general donations, for the commitments made to third parties engaged in aid or development activities where program agreements or memorandums of understanding are in place.

# (o) Accumulated Funds Available for Future Use

Funds available for future use represent accumulated surpluses available to fund future projects.

# (p) Critical Accounting Estimates and Judgements

Estimates and judgements incorporated in the financial report 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 organisation.

#### *Key estimates* — *Impairment*

Caritas Australia assesses impairment at each reporting date by evaluating conditions and events specific to Caritas Australia that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

# Note 1: Summary of Significant Accounting Policies (continued)

# (q) New Accounting Standards

#### New or amended Accounting Standards and Interpretations adopted

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

# Note 2: Revenue

Note 3:

	Period	Year ended
	1 Jul 2020 - 30 Sept 2020	30 Jun 2020
Revenue from Government and other grants	\$	\$
Government grants	2,733,744	8,028,846
Other Australian	4,757,509	6,497,378
Other overseas	19,438	199,899
	7,510,691	14,726,123
Other revenue		
Donations and gifts - monetary	2,529,321	16,756,217
Gifts in kind - non-monetary	-	39,814
Legacies and bequests	340,017	4,595,995
Interest - other corporations	45,117	457,977
Dividends - other corporations	308,336	604,452
Other income	935,538	1,048,193
	4,158,3329	23,502,648
Total Revenue	11,669,020	38,228,771
Expenditure		

Expenditure includes the following expenses:

	Period 1 Jul 2020 -	Year ended
	30 Sept 2020 \$	30 Jun 2020 \$
Expenses		
Salaries	2,711,030	9,681,601
Depreciation and amortisation of leasehold		
improvements, plant and equipment	43,634	235,415

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

# Note 4: Cash and Cash Equivalents

		30 Sept 2020	30 June 2020
		\$	\$
	Cash at bank and in hand	606,134	2,957,591
	Short-term bank deposits	35,453,893	30,804,689
	Total Cash and Cash Equivalents	36,060,027	33,762,280
Note 5:	Intangibles – Non Current		
1.000000		30 Sept	30 June
		2020	2020
		\$	\$
	At cost	1,180,414	1,180,414
	Accumulated amortisation	(196,736)	(177,062)
		983,678	1,003,352
	Work in Progress	120,407	106,407
,	Total Intangibles – Non Current	1,104,085	1,109,759
Note 6:	Other Financial Assets – Non Current		
		30 Sept	30 June
		2020	2020
		\$	\$
	Financial assets at fair value through other comprehensive income comprise:	Ψ	Ψ

<b>Total Other Financial Assets</b>	12,954,991	12,976,963
- Managed funds	10,649,723	10,603,403
- Listed shares	2,305,268	2,373,560
omprenensive income comprise.		

Financial assets at fair value through other comprehensive income comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these instruments.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

# Note 7: Property, Plant and Equipment

	30 Sept 2020 \$	30 June 2020 \$
Office Equipment:	Ψ	Ψ
At cost	1,159,539	1,152,410
Accumulated depreciation	(1,066,177)	(1,046,639)
	93,362	105,771
Motor Vehicles:		
At cost	382,098	407,833
Accumulated depreciation	(196,285)	(182,038)
	185,813	225,795
Property & Leasehold Improvements:		
At cost	1,956,007	1,956,007
Accumulated amortisation	(1,362,790)	(1,358,715)
	593,217	597,292
Total Property, Plant and Equipment	872,392	928,858

# (a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and end of the current financial period.

	Office Equipment \$	Motor Vehicles \$	Property & Leasehold Improvements \$	Total \$
Carrying amount at 1 July 2019	197,276	126,794	643,762	967,832
Additions	43,021	154,673	-	197,694
Disposals	(766,128)	(121,576)	-	(887,704)
Accum. Depreciation/Amortisation	764,875	121576	-	886,451
Depreciation and amortisation expense	(133,273)	(55,672)	(46,470)	(235,415)
Carrying amount at 30 June 2020	105,771	225,795	597,292	928,858
Additions Disposals Accum. Depreciation/Amortisation Depreciation and amortisation expense	7,168 - (19,577)	(25,735) 5,735 (19,982)	(4,075)	7,168 (25,735) 5,735 (43,634)
Carrying amount at 30 Sept 2020	93,362	185,813	593,217	872,392

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

# Note 8: Trade and other payables

	Note	30 Sept	30 June
		2020	2020
		\$	\$
Trade payables		97,568	175,653
Other payables – Salary Sacrifice		27,476	26,582
Unexpended grants		6,807,669	3,536,073
Sundry payables and accrued expenses		705,571	1,030,338
		7,638,284	4,768,646
Financial liabilities at amortised cost classified as trade and other payables:			
- Total current		7,638,284	4,768,646
- Less unexpended grants		(6,807,669)	(3,536,073)
Financial liabilities as trade and other payables	16	830,615	1,232,573

### Note 9: Leases

Caritas Australia leases an office premise under operating leases. The leases typically run for a period of 5 years.

There are no extension and termination options included in the leases.

Information about leases for which Caritas Australia is a lessee is presented below.

(a) Amounts recognised in the balance sheet

	30 Sept 2020 \$	30 June 2020 \$
Right of use assets		
Balance at 1 July	3,975,217	3,975,217
Depreciation charge for the period	(544,455)	(345,496)
	3,430,762	3,629,721
Lease liabilities		
Current	733,849	722,815
Non-Current	2,761,285	2,948,677
(b) Amounts recognised in profit or loss	Period 1 Jul 2020 -	Year ended
	30 Sept 2020	30 Jun 2020
	- \$	\$
Interest on lease liabilities	20,219	37,357
Other rental arrangements	43,324	663,740

(c) Amounts recognised in statement of cash flows

The total cash outflow for capitalised leases during the financial period was \$176,358.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

# **Note 10: Provisions**

	Short Term Employee	Long Term Employee	
	Benefits	Benefits	Total
	\$	\$	\$
Annual Leave	979,966	-	979,966
Long Service Leave	628,919	267,064	895,983
Overseas Staff Benefits	34,354	-	34,354
Balance at 30 September 2020	1,643,239	267,064	1,910,303
Analysis of total provisions		30 Sept	30 June
		2020	2020
		\$	\$
Current		1,643,239	1,633,704
Non-Current		267,064	267,064
		1,910,303	1,900,768

#### Provision for long-term employee benefits

A provision has been recognised for employee entitlements relating to long service leave. The measurement and recognition criteria relating to employee benefits have been included in Note 1 of this report.

# Note 11: Reserves

Caritas Australia maintains three reserve categories for the purpose of tracking and monitoring all funds that are committed and/or restricted to future program activity use and requirements.

#### **Reserve Summary**

Reserve Category	Note	30 Sept 2020 \$	30 June 2020 \$
Specified Purpose Reserve	11(a)	4,295,392	4,306,777
Committed Funds Reserve	11(b)	13,795,421	13,863,695
Financial Assets Reserve	11(c)	420,188	582,218
Total Reserves	-	18,511,001	18,752,690

# (a) Specified Purpose Reserve:

Specified purpose reserve records donations and contributions made to Caritas Australia where the contributor or donor has designated the funds towards a specific appeal or purpose.

	30 Sept 2020 \$	30 June 2020 \$
Specified Purpose Reserve:		·
Opening balance	4,306,777	4,911,290
Transfers to the reserve	237,625	172,574
Transfers from the reserve	(249,010)	(777,087)
Closing balance	4,295,392	4,306,777
Total Specified Purpose Reserve	4,295,392	4,306,777

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

#### Note 11: Reserves (continued)

#### (b) Committed Funds Reserve:

Committed expenditure reserve fund was put in place to ensure that the agency has the financial means to continue to meet its current obligation to program partners where there is a current signed funding agreement in place, as well, to meet the ongoing obligation it may have towards any operating lease agreement.

	30 Sept 2020 \$	30 June 2020 \$
Caritas Australia Committed Expenditure Reserve:		
Opening balance	3,927,231	4,755,703
Transfers to the reserve	-	-
Transfers from the reserve	(208,331)	(828,472)
Closing balance	3,718,900	3,927,231

Caritas Foundation reserve was put in place to recognise the preference as notified by supporters that their contribution, wherever operationally possible, provide a capital base from which the annual income derived be used to fund future expenditure.

	30 Sept 2020 \$	30 June 2020 \$
Caritas Foundation Reserve:		
Opening balance	9,936,464	9,924,087
Transfers to the reserve	140,057	12,377
Transfers from the reserve		
Closing balance	10,076,521	9,936,464
Total Committed Funds Reserve	13,795,421	13,863,695

(c) Financial Assets Reserve:

Financial assets reserve records the mark to market movement in financial assets at fair value through other comprehensive income held by Caritas Australia.

	30 Sept 2020 \$	30 June 2020 \$
Financial Assets Reserve:		
Opening balance	582,218	(666,624)
Revaluation increment/(decrement) – financial assets	(162,030)	1,248,842
Closing balance	420,188	582,218

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

#### Note 12: Accumulated Funds Available for Future Use

	30 Sept 2020 \$	30 June 2020 \$
Accumulated funds available at beginning of year Excess (Shortfall)of revenue over expenditure Transfers to /(from) reserves	24,897,014 (743,943) (5,190)	24,972,745 725,010 (800,741)
Accumulated funds available at end of year	24,147,881	24,897,014

#### Note 13: Governance Officers and Senior Management

(a) Name and position held of Caritas Australia governance officials and key management personnel in office at any time during the financial period are:

National Committee members do not receive any compensation for their roles at Caritas Australia.

#### **Key Governance Officers**

Robert Fitzgerald, AM
Most Reverend Vincent Long Van Nguyen OFM
Honourable John Watkins
Virginia Bourke
Patricia Faulkner AO
Wendy Hughes
Dr. Martin Laverty
Jack de Groot
Christine Grima

#### **Senior Management**

Ms Kirsty Robertson Mr. Rocky Naickar Ms. Caroline Preston Mr. Richard Landels Ms. Alicia Benardos Michael McGirr

# Position

Chair – non executive Council member – non executive

# Position

Chief Executive Officer Chief Finance & Operations Officer Head, International Programs Head, Engagement & Sustainability Head, People & Culture Head, Mission Integration

(b) Senior Management Compensation:

	Salary \$	Super- annuation \$	Short-term benefits Termination Pay \$	Post Employment Benefits Other \$	Total \$
1 Jul – 30 Sept 2020					
Total Compensation	264,458	27,364			291,822
1 Jul – 30 Jun 2020					
Total Compensation	1,023,270	92,819			1,116,089

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

# Note 14: Cash Flow Information

Reconciliation of Cash Flow from Operating Activities with Excess of Revenue over	Period 1 Jul 2020-	Year ended
Expenditure	30Sept 2020- \$	30 Jun 2020 \$
Excess(Shortfall) of revenue over expenditure for period	(743,943)	725,010
Non-cash flows:		
Depreciation and amortisation	259,963	659,606
Fair value adjustment to financial liabilities	56,785	52,186
Changes in assets and liabilities:		
(Increase) / Decrease in receivables	555,878	(733,829)
(Increase) / Decrease in prepayments	(244,756)	(160,979)
Increase / (Decrease) in payables	3,044,182	1,868,125
Increase / (Decrease) in provisions	(165,009)	453,121
Increase / (Decrease) in other liabilities	(8,439)	(44,620)
Cash flows from Operating Activities	2,754,661	2,818,620

# **Note 15: Related Party Transactions**

Caritas Australia is an agency of the Catholic Church in Australia where the Bishops Commission for Justice, Ecology and Development and National Council members are appointed by the Australian Catholic Bishops Conference (ACBC). As part of Caritas Australia's normal operations and activities it conducts a substantial number of transactions with other entities within the Catholic Church both in Australia and abroad. These entities include other Catholic Church agencies, its dioceses and parishes. The nature of these transactions is predominately in the form of donations and transfers of funds.

# Note 16: Financial Risk Management

Caritas Australia's financial instruments consist foreign exchange forward contracts, deposits with banks, trade and other receivables, trade and other payables and long term investments.

The totals for each category of financial instruments, measured in accordance with AASB 13 as detailed in the accounting policies to these financial statements, are as follows:

	Note	30 Sept 2020 \$	30 June 2020 \$
Financial Assets			
Cash and cash equivalents	4	36,060,027	33,762,280
Trade and other receivables		385,858	941,736
Financial assets at fair value through other			
comprehensive income	6	12,954,991	12,976,963
-	-	49,400,876	47,680,980
Financial Liabilities	=		
Trade and other payables	8	830,615	1,232,573
Unexpended Grants	8	6,807,669	3,536,073
Lease liabilities	9	3,495,134	3,671,492
	-	11,133,418	8,440,138

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

#### Note 16: Financial Risk Management (continued)

#### **Financial Risk Management Policies**

Caritas Australia's management analyses its exposure to financial risks and evaluates strategies in the context of the most recent economic and industry conditions and forecasts. Caritas Australia's overall risk management strategy seeks to assist Caritas Australia in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

#### **Specific Financial Risk Exposures and Management**

The main risk Caritas Australia is exposed to through its financial instruments is liquidity risk.

(a) Interest Rate Risk:

At 30 September 2020 Caritas Australia is not exposed to any material interest bearing liabilities and therefore is not materially impacted by fluctuations in interest rates.

(b) Liquidity:

Liquidity risk arises from the possibility that Caritas Australia might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Caritas Australia manages liquidity by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

	Within 1 Year 1 – 5 Year		Years	Over 5 Years		Total contractual cash flow			
	30 Sept 2020 \$	30 June 2020 \$	30 Sept 2020 \$	30 June 2020 \$	30 Sej 202		30 Sept 2020 \$	30 June 2020 \$	
Financial Liabilities due for payment Trade and other payables Unexpended Grants	\$30,615 6,807,669	1,232,573 3,536,073	Ψ	φ -		φ φ 	830,615 6,807,669	1,232,573 3,536,073	
Lease liabilities	733,849	722,815	2,761,285	2,948,677			3,495,134	3,671,492	
Total expected outflows	8,372,133	5,491,461	2,761,285	2,948,677			11,133,418	8,440,138	
	Wit	hin 1 Year	1 – 5 Ye	1 – 5 Years		Over 5 Years		Total contractual cash flow	
	30 Sej 202	20 202	· · · · · · · · · · · · · · · · · · ·	30Jun 2020 \$	30 Sept 2020 \$	30 June 2020 \$	30 Sept 2020 \$	30 June 2020 \$	
Financial Assets cash flows realisable Cash and Cash Equivalents Trade and other receivables Financial assets at fair value through	36,060,02 385,85			-	-	-	36,060,027 385,858	33,762,280 941,736	
other comprehensive income		-		- 1	12,954,991	12,976,963	12,954,991	12,976,963	
Total anticipated inflows Net inflow on	36,445,88	35 34,704,01	<u>.</u> -		12,954,991	12,976,963	49,400,876	47,680,979	
financial instruments	28,638,70	09 29,935,37	)	<u> </u>	12,954,991	12,976,963	38,267,458	39,240,841	

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

# Note 16: Financial Risk Management (continued)

(c) Credit Risk:

Caritas Australia does not have any material credit risk exposure to any single receivable under financial instruments entered into.

(d) Foreign Currency Risk:

Caritas Australia is exposed to fluctuations in foreign currencies arising from the payment of overseas aid and development funds in currencies other than its functional currency.

Caritas Australia manages these fluctuations through appropriate budgeting of foreign currency expenditure and taking out foreign currency forward contracts to mitigate fluctuations.

# Net Fair Values

The net fair values of all financial assets and liabilities approximate their carrying value. The accounting policies, terms and conditions of these items are the normal commercial policies, terms and conditions adopted by businesses in Australia.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

# Sensitivity analysis

No sensitivity analysis has been performed for interest rate risk as Caritas Australia is not materially exposed to fluctuations in interest rates. No sensitivity analysis has been performed for foreign exchange risk as Caritas Australia is not materially exposed to fluctuations in foreign currency rates.

# Note 17: Remuneration of Auditors

During the period the following fees were paid or payable for the services provided by the auditor of the Caritas Australia.

	Period 1 July 2020 - 30 Sept 2020 \$	Year Ended 30 June 2020 \$
Audit and Other Assurance Service Fees – Pitcher Partners	27,850	39,740
	27,850	39,740

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

#### Note 18: Change in Accounting Policy

Caritas Australia has not changed its accounting policy from the previous financial year except for as required by the new accounting standards as detailed in Note 1. All accounting is undertaken in compliance with the ACFID Code of Conduct.

# Note 19: Contingent or Other Liabilities

Under the terms of the lease of Level 1, 24-32 O'Riordan Street, Alexandria, Caritas Australia would be required to remove designated fixtures, fittings, floor coverings, signs and notices if the option to renew is not exercised at the completion of the five year lease term being January 2025.

# Note 20: Events After the Reporting Date

# Deed of Transfer

Caritas Australia operates as an agency of Australian Episcopal Conference of the Roman Catholic Church. Caritas Australia Limited was incorporated on 17 March 2020 for the purpose of continuing the operations of Caritas Australia through a corporation created pursuant to the Corporations Act 2001 (Cth) with perpetual succession and separate legal personality. Caritas Australia Limited assumed the responsibility for the operations of Caritas Australia on and from the effective date being 1 October 2020. Deed of transfer was entered between Caritas Australia Limited and Australian Episcopal Conference of the Roman Catholic Church trading as Caritas Australia (AECRCC) transferring all the assets, liabilities and operations including employees from AECRCC to Caritas Australia Limited from 1 October 2020.

# Coronavirus (COVID-19)

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for Caritas Australia up to 30 September 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Except for the above and subsequent government actions, there has been no matter or circumstance, which has arisen since 30 September 2020 which has significantly affected, or which may significantly affect:

- 1. The operations, in financial years subsequent to 30 September 2020,
- 2. The results of those operations, or
- 3. State of affairs, in financial years subsequent to 30 September 2020



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# Independent Auditor's Report To the Members of Caritas Australia ABN 90 970 605 069

#### **Report on the Audit of the Financial Report**

#### Qualified Auditor's Opinion

We have audited the financial report of Caritas Australia the "Registered Entity", which comprises the statement of financial position as at 30 September 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Responsible Entities' Declaration.

In our opinion, except for the possible effects, if any, on the financial report of the matters referred to in the Basis for Qualified Audit Opinion section of our report, the financial report of Caritas Australia has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- i. giving a true and fair view of the Registered Entity's financial position as at 30 September 2020 and of its financial performance for the period then ended;
- ii. complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013; and
- iii. complying with the Australian Council for International Development (ACFID) Code of Conduct.

#### Basis for Qualified Audit Opinion

As is common with organisations of this type, it is not practical for Caritas Australia to maintain an effective system of internal control over voluntary collections and donations until their initial entry into the accounting records. Accordingly, our audit in relation to such funds was limited to amounts recorded.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the auditor independence requirements of 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 (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the period ended 30 September 2020, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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#### Independent Auditor's Report To the Members of Caritas Australia ABN 90 970 605 069

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Responsible Entities and Those Charged with Governance for the Financial Report.

The responsible entities of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

#### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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
  control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.



#### Independent Auditor's Report To the Members of Caritas Australia ABN 90 970 605 069

• 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.

for & J

JOHN GAVLJAK Partner

Pitcher Partners

PITCHER PARTNERS Sydney

17 May 2021