

Fighting Chance Australia Limited

ABN 85 140 018 702

Financial Statements - 30 September 2019

Fighting Chance Australia Limited
Contents
30 September 2019

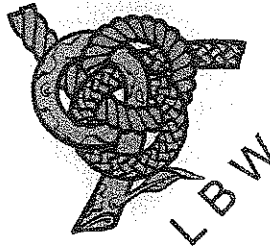


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Fighting Chance Australia Limited
Corporate directory
30 September 2019



Directors	Tim Powell Laura O'Reilly Jordan O'Reilly Robert Buckingham Stephen Cake Nastasia Campanella
Company secretary	Christine Charron-Doucet
Registered office and Principal place of business	Building A, 5 Skyline Place Frenchs Forest NSW 2086
Auditor	LBW & Partners



LBW & Partners

Chartered Accountants & Business Advisers
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George P Rochios

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Fighting Chance Australia Limited

ABN: 85 140 018 702

Auditor's Independence Declaration to the Members of Fighting Chance Australia Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Rupaninga Dharmasiri
Partner

LBW & Partners
Chartered Accountants
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated this 5th day of March 2020

Fighting Chance Australia Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 September 2019



	2019	2018
	\$	\$
Revenue		
Fundraising	226,287	683,615
Service revenue	8,302,695	4,476,952
Grants	1,529,401	1,126,580
Business revenue	1,938,395	1,034,638
Interest	25,724	7,333
Other income	3,282	82
Total revenue	<u>12,025,784</u>	<u>7,329,200</u>
Expenses		
Cost of sales	(37,364)	(46,841)
Administration expenses	(1,934,402)	(1,027,316)
Fundraising expenses	(53,251)	(87,754)
Service delivery expenses	(9,685,735)	(5,320,291)
Total expenses	<u>(11,710,752)</u>	<u>(6,482,202)</u>
Surplus before income tax expense	315,032	846,998
Income tax expense	-	-
Surplus after income tax expense for the year	315,032	846,998
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	<u><u>315,032</u></u>	<u><u>846,998</u></u>

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

Fighting Chance Australia Limited
Statement of financial position
As at 30 September 2019



	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	2,177,008	1,871,534
Trade and other receivables	6	978,650	359,268
Inventories	7	14,009	13,393
Other	8	234,468	171,944
Total current assets		<u>3,404,135</u>	<u>2,416,139</u>
Non-current assets			
Property, plant and equipment	9	<u>606,399</u>	<u>482,935</u>
Total non-current assets		<u>606,399</u>	<u>482,935</u>
Total assets		<u>4,010,534</u>	<u>2,899,074</u>
Liabilities			
Current liabilities			
Trade and other payables	10	829,347	575,354
Employee benefits	11	309,408	211,333
Other	12	733,291	298,115
Total current liabilities		<u>1,872,046</u>	<u>1,084,802</u>
Non-current liabilities			
Employee benefits	13	<u>49,972</u>	<u>40,788</u>
Total non-current liabilities		<u>49,972</u>	<u>40,788</u>
Total liabilities		<u>1,922,018</u>	<u>1,125,590</u>
Net assets		<u>2,088,516</u>	<u>1,773,484</u>
Equity			
Retained surpluses		<u>2,088,516</u>	<u>1,773,484</u>
Total equity		<u>2,088,516</u>	<u>1,773,484</u>

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

Fighting Chance Australia Limited
Statement of changes in equity
For the year ended 30 September 2019



	Retained profits \$	Total equity \$
Balance at 1 October 2017	926,486	926,486
Surplus after income tax expense for the year	846,998	846,998
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	<u>846,998</u>	<u>846,998</u>
Balance at 30 September 2018	<u>1,773,484</u>	<u>1,773,484</u>
	Retained profits \$	Total equity \$
Balance at 1 October 2018	1,773,484	1,773,484
Surplus after income tax expense for the year	315,032	315,032
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	<u>315,032</u>	<u>315,032</u>
Balance at 30 September 2019	<u>2,088,516</u>	<u>2,088,516</u>

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

Fighting Chance Australia Limited
Statement of cash flows
For the year ended 30 September 2019



	Note	2019 \$	2018 \$
Cash flows from operating activities			
Income received from donations, fundraising, grants and services (inclusive of GST)		12,009,579	7,557,131
Payments to suppliers and employees (inclusive of GST)		(11,411,482)	(6,164,200)
Interest received		25,724	7,333
Net cash from operating activities		<u>623,821</u>	<u>1,400,264</u>
Cash flows from investing activities			
Payments for property, plant and equipment	9	<u>(318,347)</u>	<u>(217,141)</u>
Net cash used in investing activities		<u>(318,347)</u>	<u>(217,141)</u>
Cash flows from financing activities			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		305,474	1,183,123
Cash and cash equivalents at the beginning of the financial year		<u>1,871,534</u>	<u>688,411</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>2,177,008</u></u>	<u><u>1,871,534</u></u>

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

Note 1. General information

The financial statements cover Fighting Chance Australia Limited as an individual entity. The financial statements are presented in Australian dollars, which is Fighting Chance Australia Limited's functional and presentation currency.

Fighting Chance Australia Limited is a not-for-profit unlisted public company limited by guarantee. The company is registered with Australian Charities and Not-for-profits Commission as a charity.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 5 March 2020.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 9 Financial Instruments

The company has adopted AASB 9 from 1 October 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

New standards and interpretations not yet adopted

AASB 15 Revenue from Contracts with Customers

AASB 15 will be applicable to the company from 1 October 2019. This standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Note 2. Significant accounting policies (continued)

AASB 16 Leases

This standard will be applicable to the company from 1 October 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

As at 1 October 2019, the company has non-cancellable operating lease commitments and expect to recognise right of use assets, lease liabilities and provision for make good as follows:

	ROU Asset	Lease Liability	Make good provision
Property leases	\$2,748,108	\$2,548,108	\$200,000
Motor vehicle leases	\$132,240	\$132,240	-
Total	\$2,880,348	\$2,680,348	\$200,000

AASB 1058 Income of Not-for-Profit Entities

The company will adopt AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

The impact on the financial statements of the company on adoption of the above standard is currently being assessed.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), as appropriate for not-for profit oriented entities, the Australian Charities and Not-for-profits Commission Act 2012 and New South Wales legislation of the Charitable Fundraising Act 1991 and associated regulations, .

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Revenue recognition

The company recognises revenue as follows:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Fees charged for care or services provided to clients are recognised when the service is provided.

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Grants

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.

Donations and bequests

Donations and bequests are recognised as revenue when received.

Income tax

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

Current and non-current classification

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

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

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

Cash and cash equivalents

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

Note 2. Significant accounting policies (continued)

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. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Inventories

Inventories are stated at the lower of cost and net realisable value on a 'weighted average' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

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

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

Leasehold improvements	Life of lease
Fixtures & fittings	4 - 20 years
Motor vehicles	5 years
Office equipment	2 - 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

Leases

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

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

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

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

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 using the projected unit credit method. Consideration is given to 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Expenses

	2019 \$	2018 \$
Surplus before income tax includes the following specific expenses:		
<i>Employee benefits expense</i>		
Wages and salaries	8,698,061	4,539,939
Defined contribution superannuation expense	811,028	420,864
Other employee benefits	157,861	153,026
Total employee benefits	<u>9,666,950</u>	<u>5,113,829</u>
<i>Depreciation and amortisation</i>		
Property, plant and equipment	<u>181,709</u>	<u>142,015</u>
<i>Rental expense relating to operating leases</i>		
Total rental expense relating to operating leases	<u>735,950</u>	<u>592,188</u>

Note 5. Current assets - cash and cash equivalents

	2019 \$	2018 \$
Cash on hand	3,260	1,391
Cash at bank	1,313,449	1,034,198
Cash on deposit	860,299	835,945
	<u>2,177,008</u>	<u>1,871,534</u>

Cash on deposits amounting to \$279,037 (2018: \$265,945) are held by the bank as security for performance on office leases.

Note 6. Current assets - trade and other receivables

	2019 \$	2018 \$
Trade receivables	978,650	341,694
BAS receivable	-	17,574
	<u>978,650</u>	<u>359,268</u>

Note 7. Current assets - inventories

	2019 \$	2018 \$
Finished goods - at cost	<u>14,009</u>	<u>13,393</u>

Note 8. Current assets - other

	2019 \$	2018 \$
Prepayments	<u>234,468</u>	<u>171,944</u>

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

	2019 \$	2018 \$
Leasehold improvements - at cost	537,072	343,787
Less: Accumulated depreciation	<u>(233,806)</u>	<u>(143,655)</u>
	303,266	200,132
Fixtures and fittings - at cost	137,242	154,668
Less: Accumulated depreciation	<u>(40,030)</u>	<u>(41,345)</u>
	97,212	113,323
Motor vehicles - at cost	24,000	24,000
Less: Accumulated depreciation	<u>(5,668)</u>	<u>(868)</u>
	18,332	23,132
Office equipment - at cost	353,244	265,297
Less: Accumulated depreciation	<u>(165,655)</u>	<u>(118,949)</u>
	187,589	146,348
	<u>606,399</u>	<u>482,935</u>

Reconciliations

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

	Leasehold improvements \$	Fixtures & fittings \$	Motor vehicles \$	Office equipment \$	Total \$
Balance at 1 October 2018	200,132	113,323	23,132	146,348	482,935
Additions	193,284	12,696	-	112,367	318,347
Disposals	-	(12,313)	-	(861)	(13,174)
Depreciation expense	<u>(90,150)</u>	<u>(16,494)</u>	<u>(4,800)</u>	<u>(70,265)</u>	<u>(181,709)</u>
Balance at 30 September 2019	<u>303,266</u>	<u>97,212</u>	<u>18,332</u>	<u>187,589</u>	<u>606,399</u>

Note 10. Current liabilities - trade and other payables

	2019 \$	2018 \$
Trade payables	127,151	125,055
Payroll accruals	647,662	424,716
BAS payable	34,172	-
Other payables	<u>20,362</u>	<u>25,583</u>
	<u>829,347</u>	<u>575,354</u>

Note 11. Current liabilities - employee benefits

	2019 \$	2018 \$
Annual leave	245,508	168,356
Other employee benefits	<u>63,900</u>	<u>42,977</u>
	<u><u>309,408</u></u>	<u><u>211,333</u></u>

Note 12. Current liabilities - other

	2019 \$	2018 \$
Deferred rental incentive	185,780	145,521
Deferred revenue	<u>547,511</u>	<u>152,594</u>
	<u><u>733,291</u></u>	<u><u>298,115</u></u>

Note 13. Non-current liabilities - employee benefits

	2019 \$	2018 \$
Long service leave	<u>49,972</u>	<u>40,788</u>

Note 14. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2019 \$	2018 \$
Aggregate compensation	<u>536,016</u>	<u>232,915</u>

Note 15. Commitments

	2019 \$	2018 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	641,745	554,982
One to five years	1,769,615	2,045,329
More than five years	<u>571,005</u>	<u>787,993</u>
	<u><u>2,982,365</u></u>	<u><u>3,388,304</u></u>

Operating lease commitments includes contracted amounts for various offices under non-cancellable operating leases expiring within 2 to 8 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 16. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 14.

Note 16. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

Amount paid to Hireup Pty Ltd (director related entity)

	2019	2018
	\$	\$
Sale of goods and services:		
Services rendered - Work carried out by Fighting Chance's employees with a disability for Hireup. This arrangement was entered into to provide work experience opportunities for employees participating in the Jigsaw program	139,554	29,705
Payment for goods and services:		
Services purchased	-	1,347

The company's related parties include its Key Management Personnel (KMP) as described above. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the company including the Board of Directors, Chief Executive Officer and Chief Operating Officer. The Directors act in an honorary capacity and receive no paid remuneration for their services. The Directors receive reimbursement for travel costs and other incidental expenses and may provide personal donations to the company.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 17. Fundraising - Information to be Furnished under the Charitable Fundraising Act, 1991

	2019	2018
	\$	\$
Gross income and total expenses in fundraising appeals		
Fundraising events	164,152	640,558
General donations	151,989	43,058
Corporate and other non-government grants	1,529,401	1,126,580
Gross proceeds from fundraising appeals (A)	<u>1,845,542</u>	<u>1,810,196</u>
	2019	2018
	\$	\$
Gross proceeds from fundraising appeals	1,845,542	1,810,196
Less: Direct costs of fundraising (B)	<u>(53,251)</u>	<u>(87,754)</u>
Surplus of fundraising (C)	<u>1,792,291</u>	<u>1,722,442</u>
Application of funds for charitable purposes		
	2019	2018
Total revenue (D)	12,025,784	7,329,200

Note 17. Fundraising - Information to be Furnished under the Charitable Fundraising Act, 1991
(continued)

	2019	2018
Revenue received was applied as follows:		
Cost of fundraising	53,251	87,754
Cost of services and other (E)	9,723,099	5,367,132
Administrative expenses	<u>1,934,402</u>	<u>1,027,316</u>
Total expenditure (F)	<u>11,710,752</u>	<u>6,482,202</u>
	2019	2018
Surplus transferred to retained earnings	315,032	846,998
	%	%
Gross comparisons		
Total direct cost of fundraising / Gross proceeds from fundraising (B/A)	3%	5%
Surplus from fundraising / Gross proceeds from fundraising (C/A)	97%	95%
Total cost of services / Total expenditure (E/F)	83%	83%
Total cost of services / Total revenue (E/D)	81%	73%

Note 18. Events after the reporting period

No matter or circumstance has arisen since 30 September 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 19. Members guarantee

The company is limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company.

As at 30 September 2019 the number of members was 6 (2018: 5).

The directors of the Company declare that:

The attached financial statements and notes are in accordance with the Australian Charities and Not-for-profits Commission Act 2012:

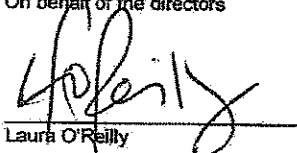
- (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013;
- (b) give a true and fair view of the financial position as at 30 September 2019 and of the financial performance for the year ended on that date of the Company; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

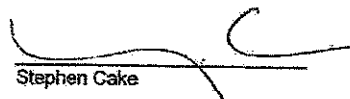
In the directors' opinion:

- (a) the financial statements give a true and fair view of all income and expenditure with respect to fundraising;
- (b) the statement of financial position gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals;
- (c) the provisions of the Charitable Fundraising Act 1991, the regulations under the Act and the conditions attached to the fundraising authority have been complied with by the Company; and
- (d) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

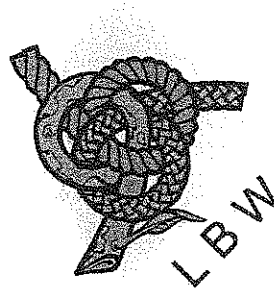
This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013 and Charitable Fundraising Act 1991 & Regulations.

On behalf of the directors


Laura O'Reilly


Stephen Cake

5/3 2020

**LBW & Partners**

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Fighting Chance Australia Limited

ABN: 85 140 018 702

Independent Auditor's Report to the Members of Fighting Chance Australia Limited**Report on the Audit of the Financial Report****Qualified Opinion**

We have audited the accompanying financial report of Fighting Chance Australia Limited (the Company), which comprises the statement of financial position as at 30 September 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis of Qualified Opinion* section of our report, the accompanying financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- giving a true and fair view of the Company's financial position as at 30 September 2019 and of its financial performance for the year then ended; and
- complying with *Australian Accounting Standards -- Reduced Disclosure Requirements*, and the Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Report on Other Legal and Regulatory Requirement

We also report that:

- (a) the financial statements show a true and fair view of the financial results of fundraising appeals conducted during the year;
- (b) the accounting and associated records have been properly kept during the year in accordance with the *Charitable Fundraising Act 1991* and Regulations;
- (c) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991* and Regulations; and
- (d) at the date of this report, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.



Fighting Chance Australia Limited

ABN: 85 140 018 702

Independent Auditor's Report to the Members of Fighting Chance Australia Limited

Basis for Qualified Opinion

As is common for organisations of this type, it is not practical for the Company to maintain an effective system of internal control over donations, bequests and other fundraising activities until their initial entry in the accounting records. Accordingly, our audit in relation to those activities 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 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 opinion.

Responsibilities of Directors for the Financial Report

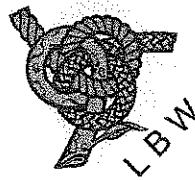
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Australian Accounting Standards – Reduced Disclosure Requirements*, the *Australian Charities and Not-for-profits Commission Act 2012*, the *Charitable Fundraising Act 1991* and for such internal control as the directors determine 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 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.

The directors are responsible for overseeing the Company'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.



Fighting Chance Australia Limited

ABN: 85 140 018 702

Independent Auditor's Report to the Members of Fighting Chance Australia Limited

A further description of our responsibilities for the audit of the financial report is located in the auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Rupaninga Dharmasiri
Partner

LBW & Partners
Chartered Accountants
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated this *10th* day of *March* 2020