Alannah & Madeline Foundation

(ABN 96 514 115 810)

Annual Financial Report

for the year ended 31 December 2021

Contents

Trustee's Report

Incorporation

The Alannah & Madeline Foundation (the Foundation) was established on 6 March 1997 as a Trust. The current Trustee of the Foundation is The Alannah & Madeline Foundation Limited, which was incorporated on 1 March 2000 with an ACN number of 090 752 800. The trust company is a company limited by guarantee.

Operations

The Alannah & Madeline Foundation (ABN 96 514 115 810) is a registered charity with the Australian Charities and Not for Profits Commission (ACNC) and is endorsed as an Item 1 Deductible Gift Recipient (DGR).

Dolly's Dream (ABN 96 514 115 810) is a registered business name of the Alannah & Madeline Foundation.

The Foundation is headquartered in South Melbourne, Victoria, and operates nationally. In 2021, it had an annual turnover of $17,942,596 and employed 92 full time equivalent staff.

Principal activities

Our vision is that every child will live in a safe and supportive environment.

The Alannah & Madeline Foundation is a national charity protecting children from violence and bullying and its devastating impacts. The Foundation was set up in memory of Alannah & Madeline Mikac, aged six and three, who were tragically killed with their mother and 32 others at Port Arthur, Tasmania on 28 April 1996.

In April 2021, we remembered the 25th anniversary of the Port Arthur tragedy, with a series of events to acknowledge and reflect. In particular, four of the First Responders undertook to walk from the Foundation's head office in South Melbourne to Port Arthur, to raise funds for the Foundation's work and to pay respects to those who lost their lives, to the survivors and to thank and acknowledge all the First Responders. It was a profound, moving and deeply impactful anniversary and served to compel all of us to strive even harder to achieve our goal of keeping children safe and strong.

For the last 24 years, the Foundation has developed and delivers a range of services and programs designed to keep children safe from harm.

In 2021, these programs fell into four key areas:

1. Children Ahead

Our Children Ahead program provides intensive, therapeutic support for children and young people aged up to 18 years to assist with their recovery from significant trauma or violence.

Through research, evidence and experience we know that for children and young people to recover from violence they need a safe, predictable and stable environment, as well as the opportunity to express and communicate their feelings, positive relationships, connection to family, and resilience.

Our qualified case managers work directly with children and young people, alongside their families, to support their emotional, educational and social needs, as well as their psychological wellbeing and any overall health concerns. As the impacts of the global pandemic persisted, we successfully continued and enhanced our online delivery and support model for clients. This enabled us to continue to maintain a much-needed service with minimal disruption.

Children who have been traumatised can suffer more ill-health, feel insecure and have difficulty learning and managing their emotions. Trauma can also distort children's perceptions of themselves and make it difficult to trust others.

Trustee's Report (continued)

Case managers also work collaboratively with relevant agencies to make sure children (and their families) who are suffering the effects of trauma and violence have the community connections needed for immediate and long-term support.

2. Buddy Bags

In Australia, thousands of children enter emergency care each year, often with nothing but the clothes they are wearing. Through our Buddy Bags program, these children receive a backpack full of new essential items: toothbrush, toothpaste, hairbrush, pillowcase, face washer, pyjamas, underwear and socks, as well as a book, photo album and the all-important teddy bear.

Buddy Bags help restore a sense of security in these children's lives. During 2021 we were able to maintain delivery of the Buddy Bags, working hard between the COVID-19 pandemic interruptions, to ensure no loss of service.

3. Early Childhood Trauma Consultancy Service (TraCS)

Now in its third year of operation, our innovative Early Childhood Trauma Consultancy Service (TraCS) program helps early childhood educators to work with children aged 3-5 years affected by trauma. The service enables staff to recognise and understand these challenging behaviours, develop strategies and tools to respond, and develop the networks and mechanisms to support the child and their carers and families.

Expert practitioners from the Alannah & Madeline Foundation work with early childhood centres and kindergartens in Victoria under the School Readiness Funding Program.

Exposure to trauma such as community and family violence, developmental abuse, neglect, as well as natural disasters can impact a child's ability to learn. Memory, language, social functioning, self-regulation, the need for control, attachments and peer relationships can all be negatively impacted.

Children who have experienced trauma can be very difficult for early years staff to manage as they often exhibit challenging behaviours, lack of impulse control, reactivity, as well as difficulties in regulating emotions. They can require intensive support to get them 'school ready'.

TraCS also provides a safe and supportive setting for kindergarten staff to manage their own emotional responses to these challenges. It gives them a forum to debrief from difficult interactions with children or parents and by doing this, the rate of burnout and isolation – common at many centres due to the local community's high needs – is significantly reduced.

4. eSmart Schools

eSmart Schools was developed in response to schools' expressed need for a positive and evidence-informed framework to address issues of bullying, cyber bullying and online safety.

The framework provides Australian schools with the tools and resources required to build and maintain a positive culture of bullying prevention and supports teachers to champion respectful behaviours and educate students and parents in online safety.

Using a behaviour change approach, eSmart aims to create a community of students, teachers and parents who are smart, safe and responsible online.

When a school achieves eSmart status they are eligible for eSmart Membership. With support from state governments in Victoria, Tasmania, Queensland and the Northern Territory, eSmart Schools comprise almost a third of all schools across Australia.

The eSmart Digital Licence is Australia's number one selling online safety education program that teaches school age children how to play, learn and socialise safely in the digital world. It is also the most comprehensive online education program available for children in Australia and teaches school aged

Trustee's Report (continued)

children critical digital skills, as well as promoting discussion about online safety between young people and their parents, carers and teachers.

Created by the Alannah & Madeline Foundation together with online safety experts, teachers and psychologists, the Digital Licence is endorsed by the Office of the eSafety Commissioner. When all eight topics are successfully completed, users receive an eSmart Digital Licence in recognition of being equipped with the necessary skills to enable them to explore the online world safely.

Supporting schools and their community, the Foundation continued to offer Connect workshops for teachers, parents, carers and students. The workshops, delivered online during the year, provide a range of informative sessions related to cyber safety, bullying and wellbeing, including social and emotional learning, valuing difference, building resilience as well as respectful relationships.

Dolly's Dream

In 2018, Tick and Kate Everett established Dolly's Dream following the shattering loss of their 14-year old daughter, Dolly, after ongoing bullying. The Foundation and the Everetts share a common goal: to change the culture of bullying by addressing the impact of bullying. The Alannah & Madeline Foundation partners with the Everetts to run Dolly's Dream and is supported by a specialist Advisory Board.

The Foundation and the Everetts share a common goal: to change the culture of bullying by addressing the impact of bullying, anxiety, depression and youth suicide, through education and direct support to young people and families.

Raising awareness and understanding of the signs and impacts of bullying is a key goal, as is enabling the conversations and understanding within families to support children and young people and give them strategies to intervene early and respond effectively.

Dolly's Dream delivers a range of awareness, information and support services, including the Parent Hub and a national telephone support line, for families and young people. In addition, the Foundation's eSmart programs support schools and students in rural, regional and remote communities.

A voice against childhood violence

In addition to designing and running progams and support services to keep children safe and strong, the Alannah & Madeline Foundation uses its experience, insights and expertise to advocate for improvements in relevant policy, legislation and system change.

A significant focus of national legislative reform during the latter part of 2021 was on social media and online safety for children and young people. The Foundation contributed significantly with a range of expert submissions, policy proposals and presentations at formal and informal government hearings and consultation sessions.

The Foundation continues to be committed to reducing the risk of death and harm from firearms in our community; in particular, working to reduce the impact of firearm related violence on children.

The Foundation established the Australian Gun Safety Alliance in 2018, to increase public awareness and contribute to a more balanced public debate on the issue of gun safety. The Alliance comprises concerned individuals and like-minded organisations who work collaboratively to achieve these outcomes.

Preparing for the future

During 2021, the Alannah & Madeline Foundation continued to invest in designing new programs and supports to continue to meet the current and emerging needs of children and young people.

Trustee's Report (continued)

As children's experiences and needs change, and the environment and context continue to rapidly evolve in both expected and unexpected ways, we must ensure we stay abreast of developments and challenges to give children and young people the best opportunity to thrive. New developments and pilots in 2021 included:

- Digital Licence+: we continued to work in partnership with the DQ Institute and the Accenture Foundation to design and develop the next iteration of the Digital Licence, which is now ready to launch in 2022.
- Improve Your Play: an innovative new project that aims to educate young men aged 15-17 about consent and harmful sexualised behaviours online and equip them with the skills to communicate respectfully. To be delivered in 2022 by the Foundation in collaboration with Swinburne University of Technology and funded by the Office of the eSafety Commissioner, the project was co-designed with young men and women and will be a first for Australia.
- Continued investment in, and development of, our Media Literacy Lab, adapting content to meet the information needs of children and young people from diverse cultural backgrounds, around the pandemic.
- Partnering with the Behavioural Insights Team and the Vincent Fairfax Ethics in Leadership Foundation to design and pilot Digital Compass, a program to support middle years students to consider and develop their own ethical compass to support positive digital engagement and behaviour.

The Foundation's 25th anniversary year will be in 2022, and a chance to reflect on what has been achieved so far, as well as to identify what needs to be done next. This year, 2021, was a natural time in our business cycle to undertake a review of our work and to develop our next strategic plan: to review and refresh our vision and purpose, our values and our goals, and to determine the next set of 'big gets' needed to deliver the desired and critical outcomes and impact. We look forward to sharing our next plan with all our partners and stakeholders in 2022.

Governance

The Alannah & Madeline Foundation Board continued to operate with strong governance, risk and financial oversight. Directors are all fully engaged in the purpose and work of the Foundation and its activities.

The Board initiated and led the strategic planning process during the year and was deeply involved in the design and approval of the 2022–2025 strategic plan. As part of the strategic review, the Board undertook an effectiveness review and mapped its composition and operation to the future strategic priorities and objectives. One outcome of this review and mapping, is a refreshed Board work plan for 2022 and a clear skills, diversity and experience matrix to ensure effective Board evolution to best support the purpose and objectives of the Foundation.

During 2021, the Board was supported by the work of three formal committees:

- Nomination and Remuneration
- Audit, Finance and Business Risk
- Dolly's Dream Advisory Board.

Thank you

The Foundation relies on the generous support of our dedicated volunteers and our generous community and corporate partners who provide resources, donations and gifts-in-kind.

Trustee's Report (continued)

We are here today because of the extraordinary vision, generosity, tenacity and leadership of people who have championed, enabled, resourced and facilitated the purpose and work of the Foundation. We are deeply grateful and thank you all for your contributions and help.

Non-monetary contribution

To support the ongoing activities of the Foundation, goods and services are donated by individual and corporate supporters. This includes everything from donated goods such as items for sale at events through to pro-bono professional activities such as legal services. The value of donated time by volunteers has not been measured. To better reflect the total level of Foundation activity, the non-monetary contribution has been quantified in 2021 at $4,495,455 (2020: $8,588,406).

Directors

The following persons were Directors of The Alannah & Madeline Foundation Limited (the Trustee Company) during the financial year:

Greg Sutherland (Chair)	Robert Speedie	Lesley Podesta (resigned 12 March 2021)
Terry Hearity OAM	Russell Yardley	
Richard Broug	Launa Inman	
Hilary Johnston-Croke	Rebecca Kardos	

Chief Executive Officer

Lesley Podesta retired effective from 12 March 2021 in her capacity as Chief Executive Officer and Director of The Alannah & Madeline Foundation Limited (the Trustee Company). Sarah Davies AM has been appointed as the Foundation's incoming Chief Executive Officer from 1 March 2021.

Director's benefits

No benefits (cash or in kind) have been bestowed upon any Director. All Directors participate in the administration of the Foundation on a voluntary basis.

Indemnification and insurance of Directors and Officers

During the financial year the Foundation paid a premium to insure all Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Director of The Alannah & Madeline Foundation.

Auditor

Ernst & Young is the appointed auditor for the Foundation and continue in office. Ernst & Young performed their audit on a pro-bono basis.

G. Sutherland

Greg Sutherland
Director of Trustee Company

Melbourne, 28 April 2022

Robert Speedie
Director of Trustee Company

Melbourne, 28 April 2022

Trustee's Declaration

In accordance with a resolution of the Trustee of The Alannah & Madeline Foundation, we state that:

In the opinion of the Trustee:

(a) the financial statements and notes of the Foundation are drawn up so as to:

   (i) give a true and fair view of the Foundation's financial position as at 31 December 2021 and of its performance for the year ended on that date in accordance with the accounting policies outlined in Note 2; and

   (ii) comply with Australian Accounting Standards – reduced disclosure requirements as issued by the Australian Accounting Standard Board, the Corporations Act 2001 and the Australian Charities and Not-for-Profits Commission Act 2012; and

(b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

On behalf of the Trustee

G. Sutherland.

Greg Sutherland
Director of Trustee Company

Melbourne, 28 April 2022

Robert Speedie
Director of Trustee Company

Melbourne, 28 April 2022

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	31 December 2021	31 December 2020
INCOME			
Income from Fundraising and Events			
Events		-	17,741
Corporate fundraising		881,702	1,072,366
Direct marketing		3,012,004	3,485,532
Trusts and Foundations		1,851,296	1,402,277
Grants		2,444,873	4,091,480
Dolly's Dream		846,514	646,231
Digital Licence/eSmart/Connect/other		2,449,740	1,501,501
General donations/regular giving/major donors		1,913,850	2,059,798
Total Income from Fundraising and Events		**13,399,979**	**14,276,926**
Other Income			
Interest Income		23,149	17,839
Other Income		24,013	26,356
Total Other Income		**47,162**	**44,195**
Total Cash Income		**13,447,141**	**14,321,121**
Non-monetary Income	2(c)	4,494,455	8,588,406
TOTAL INCOME	3	**17,941,596**	**22,909,527**
EXPENDITURE			
Programs expenditure		10,128,799	8,238,517
Community education expenditure		428,713	362,518
Non-monetary contribution	2(c)	4,086,961	8,168,286
Total Programs expenditure		**14,644,473**	**16,769,321**
Marketing/Fundraising cash expenditure		2,198,358	1,820,138
Non-monetary contribution	2(c)	232,512	409,695
Total Marketing/Fundraising expenditure		**2,430,870**	**2,229,833**

Statement of Comprehensive Income (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	31 December 2021	31 December 2020
Accountability and administration expenditure		1,230,486	1,263,970
Non-monetary contribution	2(c)	174,982	10,425
Total Accountability and Administration expenditure		**1,405,468**	**1,274,395**
TOTAL EXPENDITURE		**18,480,811**	**20,273,549**
NET (LOSS)/SURPLUS FOR THE YEAR		**(539,215)**	**2,635,978**

Statement of Financial Position

AS AT 31 DECEMBER 2021

	NOTE	31 December 2021	31 December 2020
ASSETS			
Current Assets			
Cash and cash equivalents	11	5,499,297	5,659,740
Financial assets	2(s), 13(a)	100,100	87,052
Trade and other receivables	5	38,006	386,205
Contract assets	6	1,865	70,429
Prepayments		354,303	166,919
Total Current Assets		**5,993,571**	**6,370,345**
Non-Current Assets			
Investments	2(o)	1	1
Intangible assets	10	125,074	281,067
Plant and equipment	7	83,633	97,135
Total Non-Current Assets		**208,708**	**378,203**
TOTAL ASSETS		**6,202,279**	**6,748,548**
LIABILITIES			
Current Liabilities			
Trade and other payables	13(b)	232,496	368,405
Accrued payables	8	398,916	386,204
Contract liabilities	6	282,603	245,213
Provision for employee benefits	9	538,279	453,914
Total Current Liabilities		**1,452,294**	**1,453,736**
Non-Current Liabilities			
Provision for employee benefits	9	67,148	72,760
Total Non-Current Liabilities		**67,148**	**72,760**
TOTAL LIABILITIES		**1,519,442**	**1,526,496**
NET ASSETS		**4,682,837**	**5,222,052**
Trust Funds			
Settlement sum		20	20
Undistributed surpluses		4,682,817	5,222,032
TOTAL TRUST FUNDS		**4,682,837**	**5,222,052**

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	31 December 2021	31 December 2020
Cash flows from/(used in) Operating activities			
Cash receipts in the course of operations		14,271,507	15,701,753
Interest received		23,149	17,839
Payments to employees and suppliers		(14,386,783)	(12,275,504)
Net cash (outflows)/inflows from operating activities	**11(a)**	**(92,127)**	**3,444,088**
Cash flows used in Investing activities			
Payments for fixed & intangible assets		(68,316)	(71,330)
Net cash (outflows) from Investing activities		**(68,316)**	**(71,330)**
Net (decrease)/increase in cash		(160,443)	3,372,758
Cash at beginning of financial year		5,659,740	2,286,982
CASH AT END OF FINANCIAL YEAR	**11(b)**	**5,499,297**	**5,659,740**

Statement of Changes in Funds

FOR THE YEAR ENDED 31 DECEMBER 2021

	Settlement Sum	Undistributed Surpluses	Total Trust Funds
AT 1 JANUARY 2021	**20**	**5,222,032**	**5,222,052**
(Deficit) for the year	-	(539,215)	(539,215)
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**(539,215)**	**(539,215)**
AT 31 DECEMBER 2021	**20**	**4,682,817**	**4,682,837**
AT 1 JANUARY 2020	**20**	**2,586,054**	**2,586,074**
Surplus for the year	-	2,635,978	2,635,978
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**2,635,978**	**2,635,978**
AT 31 DECEMBER 2020	**20**	**5,222,032**	**5,222,052**

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

1. TRUST INFORMATION

The Alannah & Madeline Foundation is a trust domiciled in Australia.

The registered office of The Foundation is located at:

Level 1, 256 Clarendon Street, South Melbourne, VIC 3205.

The principal activities of the Foundation during the year were guiding our quest for new and effective solutions and ensures that we meet our commitment to making this a safer, stimulating and more supportive society for our children.

The Foundation employed 92 employees as at 31 December 2021 (31 December 2020: 77 employees).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the Australian Accounting Standards – Reduced Disclosure Requirements, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standard Board.

The company complies with Australian Accounting Standards – reduced disclosure requirements as issued by the Australian Accounting Standard Board, the Corporations Act 2001 and the Australian Charities and Not-for-Profits Commission Act 2012.

The Directors have elected to apply the following accounting Standards:

AASB 1053	*Application of Tiers of Australian Accounting Standards; and*
AASB 2010-2	*Amendments to Australian Accounting Standards Arising from Reduced Disclosure Requirements.*

The adoption of these standards has resulted in significantly reduced disclosures throughout the notes to the financial statements. There was no impact on the reporting of the financial position and performance of the Foundation.

AASB 1053 and AASB 2010-2

AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirements for general purpose financial statements:

- Tier 1 – Australian Accounting Standards
- Tier 2 – Australian Accounting Standards – reduced disclosure requirements.

AASB 2010-2 makes amendments to each standard and interpretation, indicating the disclosures not required to be made by Tier 2 entities or inserting RDR paragraphs requiring simplified disclosures for Tier 2 entities.

<u>Going concern</u>

At 31 December 2021, the Foundation had $5,994k of current assets compared to current liabilities of $1,452k, equating to a current ratio of 4.1. The Foundation's cash on hand of $5,499k dropped only slightly from 31 December 2020, $5,660k, remaining comfortably above the minimum thresholds approved by the Board.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

After reviewing cash flow projections and other available current information, as at 28 April 2022 the Directors believe there are reasonable grounds that the Foundation will be able to pay its debts as and when they fall due, and that the preparation of the financial statements on a going concern basis is appropriate.

Historical cost convention

The financial statements have been prepared on the basis of historical cost, except where noted otherwise.

Cost is based on the fair values of the consideration given in exchange of assets.

(b) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year. There has been no material change of accounting policies to the financial statements due to changes in the accounting standards.

(c) Revenue recognition

Revenue received by the Foundation is recognised and measured in accordance with *AASB 15 Revenue from Contracts with Customers* and *AASB 1058 Income of Not-for-Profit Entities*.

Revenue recognised in accordance with AASB 15 Revenue from contracts with customers

Revenue from contracts exists when the Foundation receives an inflow of resources for the purpose of delivering specific goods or services at their fair value and is recognised upon the satisfaction of specific performance obligations.

For the Foundation, revenue from contracts with customers includes income received as part of commercial agreements that involves the reciprocal transfer of products or services to schools, kindergartens and other community groups.

It also includes funding that is awarded to the Foundation for a certain purpose or activity by corporate partners, trust and foundations or government, as agreed by the Foundation. In these instances, what the funding is used for is directed by the donor and enforced by sufficiently specific performance obligations.

Revenue from contracts with customers is recognised either at a point in time or over a period of service provision, when the Foundation satisfies specific performance obligations by transferring the promised goods or services to its customers either, at an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services, or the amount specified in the grant or funding agreement.

Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

The Foundation has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. One exception to this exists where the Foundation has engaged a third-party fundraiser to run a campaign with products controlled by the third-party.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognised in accordance with AASB 1058 Income of Not-for-Profit Entities

Revenue is recognised in accordance with AASB 1058 Income of Not-For-Profit entities where funding is awarded to the Foundation for the purposes of furthering its objectives. This includes donations and other fundraising where what the funding is used for is at the Foundation's discretion.

This category of revenue can also include funding that is awarded to the Foundation for a certain purpose or activity, where the fulfilment of agreed activities is not necessarily enforced by sufficiently specific performance obligations.

Non-monetary income and contribution

The Foundation has recognised the importance of non-monetary contributions made in the form of donated goods and services throughout the year ended 31 December 2021. These include such items as donated professional services and donated goods to support the Foundation's program delivery.

These donations have been recorded as income in accordance with the nature of the donation. The corresponding expenditure is recognised at the equivalent value and hence has no net impact on the overall surplus / (deficit). Non-monetary contributions do not include discounts that would be received in the normal course of commercial transactions.

Valuation of non-monetary income, wherever possible, is via third party substantiation by the provider of the goods or services. Where this substantiation is unavailable, an estimate based on marketplace rates values is made by management.

Although the Foundation receives volunteer support, this volunteer labour is not quantified in the non-monetary contributions total.

(d) Expenditures

All expenditures are accounted for on an accruals basis and have been classified under headings that aggregate all costs related to the categories. Where costs cannot be directly attributed to a particular category, they have been allocated to activities on a basis that is consistent with use of the resources.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with a maturity of six months or less.

For the purposes of the statement of cash flows, cash includes cash at bank and in hand and short-term deposits with an original maturity of six months or less that are readily convertible to cash, net of outstanding bank overdrafts, if any.

(f) Trade and other receivables

Trade and other receivables, which generally have 14-to-30-day terms, are initially recognised at fair value and subsequently measured at amortised cost less an allowance for impairment. Collectability of trade receivables is reviewed on an ongoing basis. The entity manages the process of customer credit risk regularly and all the outstanding trade receivables are monitored on an ongoing basis. The Foundation makes use of a simplified approach in accounting for trade receivables, where the loss allowance is recorded at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Foundation uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. Impairment of trade receivables is presented within other expenses.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Contract assets

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

(h) Funds committed to beneficiaries

From time to time the Foundation receives funds from third parties which can only be used by specific beneficiaries. Such funds held by the Foundation, but which remain unspent at year end, are recorded as a liability.

(i) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Foundation conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment.

External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. 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 to sell and value in use.

Non-financial assets that suffered an impairment are tested for possible reversal of the impairments whenever events or changes in circumstances indicate that the impairments may have been reversed.

(j) Fixed assets

Plant and equipment

Plant and equipment are recognised on a historical cost basis less accumulated depreciation and any impairment in value.

Intangible assets

Development costs that are directly attributable to the design and implementation of identifiable and unique software products controlled by the Foundation are recognised as intangible assets. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Depreciation of non-current assets

All non-current assets having limited useful lives are systematically depreciated over their useful life to the Foundation in a manner that represents consumption of the service potential embodied in those assets.

Depreciation charges are made from the time when a depreciable asset is put into use or held ready for sale.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is calculated on a diminishing value basis over the estimated useful life of the specific assets as follows:

- Office furniture and equipment 3-5 years
- Digital Licence product build 3 years
- Intangible assets 3 years

(k) Trade and other payables

Trade and other payables are carried at amortised cost and, due to their short-term nature they, are not discounted. They represent liabilities for goods and services provided to the Foundation prior to the end of the year that are unpaid and arise when the Foundation becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Contract liabilities

Contract liability is recognised as a liability when the Foundation receives an inflow of resources relating to a performance obligation, reflected in a contract with a customer, that the Foundation has not yet fulfilled. The amount is subsequently recognised as revenue once the performance obligation has been satisfied.

(m) Income tax and other taxes

The Foundation is exempt from income tax and as such income tax has not been provided for in these accounts.

Revenue, expenses and assets are recognised net of the amount of GST except:

i) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

ii) receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(n) Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by active employees up until 30 June 2019. Subsequent to this date, the Victorian Government's Portable Long Service Benefits Scheme assumes the liability for active employees of the Foundation.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As part of the Portable Long Service Benefits Scheme, the Foundation is required to lodge a quarterly return to the Portable Long Service Authority. Upon lodgement, the Portable Long Service Authority invoices the Foundation an employer levy, equivalent to 1.65% of total wages paid out by the Foundation during the quarter.

In calculating the Foundation's liability, 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.

(o) Investments

The Alannah & Madeline Foundation Limited, a company limited by guarantee incorporated in Australia, acts as the Trustee for The Alannah & Madeline Foundation. The Alannah & Madeline Foundation Limited prepares general-purpose financial statements in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

(p) Total Trust Funds

Movements in Trust Funds

Details of the movement in each reserve and fund are provided in the Statement of Changes in Funds.

Details of reserves and funds included in the Statement of Changes in Funds

The total funds represent surplus/(deficit) over the expenses at the end of the accounting period.

(q) Rounding of amounts

Amounts in the financial reports have been rounded off to the nearest Australian dollar.

(r) Significant accounting judgements, estimates and assumptions

Impairment of non-financial assets

The Foundation assesses impairment of all assets at each reporting date by evaluating conditions specific to the Foundation and to the particular asset that may lead to impairment. Where an impairment trigger exists, the recoverable amount of the asset is determined and an appropriate write-down made.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment). In addition, the condition of the assets is assessed and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Determination of doubtful debts

No provision for doubtful debts is raised in the current year as per Expected Credit Loss Model. This takes into account the debtor, its trading position, past history, and any external indicators or impairment.

The Foundation recognises an allowance for Expected Credit Loss (ECLs) for all debt instruments. ECLs are calculated based on contractual revenue and cash from other sources including donations and programs revenue with ageing analysis. For Trade Receivables and Contract Assets, ECLs calculations

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

were based on simplified approach, hence, where applicable, the entity recognises an impairment at each annual reporting date.

At Reporting date there is $3,850 receivable outside the Foundation's credit policy which have been assessed as past due but not impaired.

(s) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Foundation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Foundation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price as disclosed in Note 2(f), Trade and other receivables.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Foundation's financial assets at amortised cost include trade receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Foundation had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established. At Reporting date there is $100,100 of equity investments in shares classified under this category.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Foundation's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Foundation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Foundation has transferred substantially all the risks and rewards of the asset, or (b) the Foundation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020
3. INCOME		
Revenue is recognised either at a point in time or over time, when (or as) the Foundation satisfies performance obligations by transferring the promised goods or services to its customers. A disaggregation of the Total Income balance is provided below to show the split of revenue recorded over time and at a point in time:		
Amounts recognised at a point in time	17,758,152	22,824,635
Amounts recognised over time	183,444	84,892
TOTAL INCOME	**17,941,596**	**22,909,527**
4. EXPENSES		
Among others, the following expenses are recognised in the statement of comprehensive income:		
Depreciation of office furniture and equipment	57,142	35,598
Amortisation of fit-out costs	24,676	25,680
Amortisation of Digital Licence build costs	-	85,429
Amortisation of Intangible Assets	180,993	185,503
Revaluation (gain)/loss on Financial Assets held at fair value through profit or loss	(13,048)	4,690
Total Depreciation, Amortisation, Revaluation Expenses	**249,673**	**336,900**
5. TRADE AND OTHER RECEIVABLES		
Accounts receivable	38,006	168,405
Net accounts receivable	**38,006**	**168,405**
JobKeeper receivables	-	217,800
	38,006	**386,205**
6. CONTRACT BALANCES		
Contract assets	1,865	70,429
Contract liabilities	86,448	245,213

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

7. PLANT AND EQUIPMENT

	31 December 2021	31 December 2020
Office equipment		
At cost	521,320	453,005
Accumulated depreciation	(444,288)	(387,147)
	77,032	**65,858**
Furniture and fixtures		
At cost	658,368	658,368
Accumulated depreciation	(651,767)	(627,091)
	6,601	**31,277**
Digital Licence build costs		
At cost	1,063,518	1,063,518
Accumulated depreciation	(1,063,518)	(1,063,518)
	-	**-**
Total plant and equipment		
At cost	2,243,206	2,174,891
Accumulated depreciation	(2,159,573)	(2,077,756)
	83,633	**97,135**

Reconciliation of carrying amounts at the beginning and end of the period

	31 December 2021	31 December 2020
Office equipment		
Opening balance	65,858	39,164
Additions	68,316	62,292
Depreciation expense for the year	(57,142)	(35,598)
	77,032	**65,858**
Furniture and fixtures		
Opening balance	31,277	51,172
Additions	-	5,785
Depreciation expense for the year	(24,676)	(25,680)
	6,601	**31,277**
Digital Licence build costs		
Opening balance	-	85,429
Additions	-	-
Depreciation and impairment expense for the year	-	(85,429)
	-	**-**

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020
8. ACCRUED PAYABLES		
PAYG tax withheld	133,951	96,784
Superannuation	229,082	154,816
Other accruals/GST	35,883	82,604
	398,916	**334,204**
9. PROVISION FOR EMPLOYEE BENEFITS		
Current employee benefits		
Annual leave	434,505	370,314
Long Service leave – current	103,774	83,600
	538,279	**453,914**
Non-current employee benefits		
Long Service leave – noncurrent	67,148	72,760
	605,427	**526,674**
10. INTANGIBLE ASSETS		
Software development costs		
Opening Balance	281,067	463,317
Addition for the year	-	3,253
Amortisation for the year	(180,993)	(185,503)
Work in Progress[1]	25,000	-
	125,074	**281,067**

1. The carrying amount of website development costs includes $25,000 in intangible assets under development.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020
11. CASH FLOW STATEMENT RECONCILIATION		
(a) Reconciliation of the net surplus to the net cash flows from operations		
Net (deficit)/surplus for the year	(539,215)	2,635,978
Adjustments for:		
Depreciation & Amortisation expense	249,763	336,900
Changes in assets and liabilities		
(Increase)/decrease in prepayments	(212,384)	(4,575)
(Increase)/decrease in trade and other receivables	416,763	723,759
Increase/(decrease) in accrued payables	(39,031)	(87,112)
Increase/(decrease) in trade & other payables	(46,775)	(398,078)
Increase/(decrease) in provision for employee benefits	78,752	237,216
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	**(92,127)**	**3,444,088**
(b) Cash balances comprises:		
Cash in hand and balances with banks	5,333,297	5,659,740
Term deposits	166,000	-
Total cash and cash equivalent	**5,499,297**	**5,659,740**

12. AUDITORS' REMUNERATION

	31 December 2021	31 December 2020
Non-monetary contributions by Ernst & Young for		
- audit of the financial report of the entity	52,500	52,000
	52,500	**52,000**

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

13. FINANCIAL INSTRUMENTS

13.a) Financial assets

Financial assets at fair value through profit or loss	**31 December 2021**	**31 December 2020**
Investment in listed securities	$100,100	$87,052

Financial assets at fair value through profit or loss include gifted investments in listed securities. Fair values of these equity shares are determined by reference to published price quotations in an active market. The gain on the investment in listed securities at fair value through profit or loss does not include dividend income.

13. b) Financial risk management

The Foundation's financial instruments comprise Cash, Financial Assets and Other Receivables, amounts payable to trade creditors and other parties.

The main risk arising from the Foundation's financial instruments are market risk, liquidity risk and credit risk. The Foundation does not use derivative instruments to manage risk associated with its financial instruments.

The Trustee Company has responsibility for risk management, including risk associated with financial instruments. Risk management policies are established to identify and analyse the risk associated with the Foundation's financial instruments to set appropriate risk limits and controls and to monitor the risks and adherence to limits. On behalf of the Trustee Company, The Audit, Finance and Business Risk Committee monitors the effectiveness of the Foundation's risk management policies and processes and to regularly review risk management policies and systems, taking into account charges in market conditions and the Foundation's activities. The Committee and the Directors of the Trustee Company are also responsible for developing and monitoring investment policies.

Liquidity Risk – Liquidity risk is the risk that the Foundation will not be able to fund its obligations as they fall due.

The Foundation manages liquidity risk by monitoring forecast cash flows and key liquidity ratios to ensure adequate liquid funds are available to meet normal operating expenses for 12 months.

The following are the contractual maturities of financial liabilities:

AT 31 DECEMBER 2021	**Carrying Amount $**	**Contractual Cash Flow (undiscounted) $**	**6 months or less $**
Trade and other payables	$232,496	$232,496	$232,496
Accrued payables (Note 8)	$398,916	$398,916	$398,916
Total Financial Liabilities	**$631,412**	**$631,412**	**$631,412**

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

13. FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk – Credit risk is the risk of financial loss to the Foundation if a customer or counterparty to a financial instrument fails to meet its obligations. The Foundation is exposed to two sources of credit risk – amount receivables and counterparty risk in respect of funds deposited with banks and other financial institutions.

Funds are deposited only with those banks and financial institutions approved by the Directors of the Trustee Company. Such approval is only given in respect of banks that hold 'AA' ratings from Standard & Poor's or an equivalent rating from another reputable ratings agency. At the reporting date, the Foundation did not have any material credit risk exposures to any single receivable or group of receivables or any bank or financial institution.

Exposure to credit risk – The carrying amount of the company's financial assets best represents its maximum credit risk exposure.

The company's maximum exposure to credit risk at the reporting date was:

	Carrying Amount 31 DECEMBER 2021	**Carrying Amount 31 DECEMBER 2020**
Cash (Note 10)	$5,499,297	$5,659,740
Accounts receivable (Note 5)	$38,006	$168,405
Contract assets (Note 6)	$1,865	$70,429
Other receivables (Note 5)	-	$217,800
	$5,539,168	**$6,116,374**

Accounts receivable comprises amounts due from donors, schools, government and corporate partners. The aging of these debtors at reporting date was:

	31 DECEMBER 2021 GROSS	**31 DECEMBER 2021 IMPAIRMENT**	**31 DECEMBER 2020 GROSS**	**31 DECEMBER 2020 IMPAIRMENT**
Not past due	$34,156	-	$168,269	-
Past due	$3,850	-	$136	-
	$38,006	**-**	**$168,405**	**-**

Market price risk – Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include equity investments.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

13. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation does not have any obligations with floating interest rate and as such is not exposed to the changes in market interest rates risk.

Foreign currency risk – Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Foundation does not have material operating activities in foreign currency and as such is not exposed to the risk of changes in foreign exchange rates.

Equity price risk – The Foundation's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Foundation manages the equity price risk by placing limits on gifted equity instruments.

At the reporting date, the exposure to equity investments at fair value listed on ASX was $100,100. Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the ASX market index, the Foundation has determined that an increase/(decrease) of 10% on the ASX market index could have an impact of approximately $10,010 increase/(decrease) on the income and equity attributable to the Foundation.

Fair values

Carrying amounts of financial assets and liabilities recorded in the financial statements represent their net fair values, as determined in accordance with the accounting policies disclosed in Notes 2 to the financial statements.

14. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Director's compensation

Excluding Lesley Podesta, the outgoing Chief Executive Officer, the Directors of the Trustee Company act in an honorary capacity and received no compensation for their services.

The value-in-kind compensation for services provided by the Directors of the Trustee Company is included in the Statement of Comprehensive Income under non-monetary income and expenditure in the Financial Year 2021.

All transactions with Directors of the Trustee Company related entities have been performed at arm's length.

Key Management Personnel compensation

The Key Management Personnel includes following positions. The positions are:

- Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Operating Officer
- Director – Development & Communications
- Director – Policy & Prevention

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

14. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

The compensation paid to these Key Management Personnel are in 2021 and 2020 are:

	31 DECEMBER 2021	31 DECEMBER 2020
Short-term employee benefits	$909,870	$838,996

15. ECONOMIC DEPENDENCY

The company is dependent upon the ongoing receipt of donations, grants and funding from supporters to ensure the continuance of its operation.

16. EVENTS AFTER REPORTING DATE

There were no matters or circumstances which have arisen since the end of the financial year which have significantly affected or may significantly affect the operation of the Foundation, the results of those operations, or the state of affairs of the Foundation.

17. CONTINGENT LIABILITY

The Foundation has no material contingent liabilities at reporting date.

18. COMMITMENTS FOR EXPENDITURE

There were no commitments for expenditure as at the end of the financial year.

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Independent auditor's report to the Trustee of The Alannah and Madeline Foundation

Opinion

We have audited the financial report, being a general purpose financial report, of The Alannah & Madeline Foundation (Foundation), which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial report, including a summary of significant accounting policies, and the Trustee' declaration.

In our opinion, the accompanying financial report of the Foundation is in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:

(a) giving a true and fair view of the Foundation 's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and

(b) Complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Foundation 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.

Information Other than the Financial Report and Auditor's Report Thereon

The Trustee is responsible for the other information. The other information is the Trustee's report accompanying the financial report.

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

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

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

Responsibilities of the Trustee for the Financial Report

The Trustee of the Foundation is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the Guidelines and the Australian Charities and Not-for-Profits Commission Act 2012 and for such internal control as the Trustee determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.

- Conclude on the appropriateness of the Trustee’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 Foundation’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 Foundation to cease to continue as a going concern.

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

We communicate with the Trustee 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.

Ernst & Young

Ernst & Young

Rodney Piltz
Partner

Melbourne
28 April 2022

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Auditor's Independence Declaration to the Trustee of the Alannah and Madeline Foundation

As lead auditor for the audit of The Alannah & Madeline Foundation for the financial year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the Subdivision 60-C of the Australian Charities and Not-for profits Commission Act 2012 in relation to the audit; and

b. No contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

RCPiltz

Rodney Piltz
Partner

Melbourne
28 April 2022