Inclusion Melbourne Inc

ABN: 67 568 450 949

Financial Report

For the Year Ended 30 June 2021

Inclusion Melbourne Inc

ABN: 67 568 450 949

Contents

For the Year Ended 30 June 2021

Inclusion Melbourne Inc

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
Revenue	4	**5,154,853**	4,850,140
Employee benefits expenses		**(4,483,523)**	(4,300,856)
Building and property expenses		**(194,135)**	(208,539)
Program funding expenses		**(311,830)**	(171,585)
Depreciation expenses		**(128,525)**	(104,574)
Office expenses		**(41,049)**	(56,566)
Administrative and project expenses		**(319,612)**	(325,330)
Other expenses		**(178)**	-
Surplus (Deficit) for the year		**(323,999)**	(317,310)
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**(323,999)**	(317,310)

The accompanying notes form part of these financial statements.

Inclusion Melbourne Inc

ABN: 67 568 450 949

Statement of Financial Position

As at 30 June 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**79,599**	73,531
Trade and other receivables	6	**128,764**	300,543
Prepayments	8	**57,575**	70,288
TOTAL CURRENT ASSETS		**265,938**	444,362
NON-CURRENT ASSETS			
Plant and equipment	7	**477,902**	602,428
TOTAL NON-CURRENT ASSETS		**477,902**	602,428
TOTAL ASSETS		**743,840**	1,046,790
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**196,010**	212,819
Deferred income	11	**162,824**	211,949
Employee benefits	12	**398,579**	366,748
TOTAL CURRENT LIABILITIES		**757,413**	791,516
NON-CURRENT LIABILITIES			
Other financial liabilities	10	**1,015,000**	1,015,000
Employee benefits	12	**55,152**	-
TOTAL NON-CURRENT LIABILITIES		**1,070,152**	1,015,000
TOTAL LIABILITIES		**1,827,565**	1,806,516
NET LIABILITIES		**(1,083,725)**	(759,726)
Equity			
Retained losses		**(1,083,725)**	(759,726)
TOTAL EQUITY		**(1,083,725)**	(759,726)

The accompanying notes form part of these financial statements.

Inclusion Melbourne Inc

ABN: 67 568 450 949

Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Retained Losses	Total
	$	$
Balance at 1 July 2020	**(759,726)**	**(759,726)**
Surplus/(deficit) for the year	**(323,999)**	**(323,999)**
Balance at 30 June 2021	**(1,083,725)**	**(1,083,725)**

2020

	Retained Losses	Total
	$	$
Balance at 1 July 2019	(442,340)	(442,340)
Surplus/(deficit) for the year	(317,386)	(317,386)
Balance at 30 June 2020	(759,726)	(759,726)

The accompanying notes form part of these financial statements.

Inclusion Melbourne Inc

ABN: 67 568 450 949

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from grants, donations and other income		**5,370,367**	5,145,864
Payments to Suppliers and Employees		**(5,360,625)**	(5,172,701)
Interest Received		**325**	815
Net cash provided by/(used in) operating activities	15	**10,067**	(26,021)
Payments for purchase of fixed assets		**(3,999)**	(341,752)
Proceeds from sale of fixed assets		**-**	28,144
Loan from Gawith Foundation Inc		**-**	315,000
Net cash used by investing activities		**(3,999)**	1,392
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase/(decrease) in cash and cash equivalents held		**6,068**	(24,629)
Cash and cash equivalents at beginning of year		**73,531**	98,160
Cash and cash equivalents at end of financial year	5	**79,599**	73,531

1 General Information

The financial report of Inclusion Melbourne Inc is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Australian Incorporations Reform Act 2012* (Vic), the *Australian Charities and Not-for-Profits Commission Act 2012* and the Rules of the Association. The Directors of Inclusion Melbourne Inc have determined that the Association is not a reporting entity. The Association is a not-for-profit for financial reporting purposes under the Australian Accounting Standards.

Inclusion Melbourne Inc is a not-for-profit association, incorporated and domiciled in Victoria.

Statement of Compliance

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all applicable Australian Accounting Standards (except as noted below), and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, and AASB 1054 Australian Additional Disclosures.

The Association has not applied the recognition and measurement requirements of AASB 16 Leases. The material accounting policies adopted for leases are set out in the accounting policy note 1(l) in these special purpose financial statements.

The Board of the Association have not formally assessed if the requirements of AASB 10 and AASB 128 would be applicable and have not quantified the impact of these accounting standards in these special purpose financial statements.

Basis of Preparation

The financial report has been prepared on an accrual basis and is based on historical costs. It does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted by the Association in the preparation of the financial report.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Contract asset

A contract asset is recognised for work performed but not yet billed due to the milestone billing arrangements in a contract. Once an invoice is issued, the corresponding contract asset is reclassified to trade receivables. A contract liability is recognised if the milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

Other revenue

Other revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration Inclusion Melbourne Inc expect to receive in exchange for those goods or services.

Interest revenue

Interest is recognised using the effective interest method.

NDIS income

Support is provided to participants in accordance with a service agreement and the NDIS is billed for the support daily in arrears.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Government grants

Revenue from Government grants is recognised on the basis that the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received to be received in exchange for those goods or services. Each agreement is analysed to determine the revenue recognition in accordance with the five step model. Where revenue is recognised over time, recognition is based on directly related expenditure or hours incurred. Where performance obligations have not been met, remaining amounts will be recognised as unearned income.

(b) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. The organisation is registered with the Australian Charities and Not-for-profit Commission as a charity.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits.

(e) Trade and Other Debtors

Accounts receivable and other debtors include amounts due from customers. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(f) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

2 Summary of Significant Accounting Policies

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a reducing balance basis over the asset's useful life to the Association, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Fixtures and Fittings	15%
Computer Equipment	40%
Office Equipment	15%
Motor Vehicles	22.5%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Financial instruments

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association measures its financial assets at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

2 Summary of Significant Accounting Policies

Financial assets

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information.

The Association uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Association uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or

- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

2 Summary of Significant Accounting Policies

Financial assets

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

(h) Impairment of non-financial assets

At the end of each reporting period, the Association reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs of disposal and value in use, is compared to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised immediately in profit or loss.

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

Where it is not possible to estimate the recoverable amount of a class of asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(i) Trade Payables and other Payables

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

(j) Employee benefits

Provision is made for the Association's liability for employee benefits such as annual leave and long service leave provisions. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the amounts expected to be paid when the obligation is settled. Long-term employee benefits are benefits that are expected to be settled at least 12 months after the end of the financial reporting period.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the

2 Summary of Significant Accounting Policies

(j) Employee benefits

liability are recognised in profit or loss.

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

The Association's obligations for employee provisions are presented as current and non-current provisions in its statement of financial position.

(k) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Leases

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

No right-of-use assets or lease liabilities have been taken up in these special purpose financial statements.

(m) Going concern

The Directors, having considered the following, have adopted to prepare the financial statements on a going concern basis:

- Net assets deficiency
- Deficiency in working capital
- Losses in recent years

Notwithstanding the Association's deficiency in net assets, the financial report has been prepared on the going concern basis. This basis has been adopted as the Association has received a commitment of continuing financial support from Gawith Foundation Inc to allow the Association to meet its liabilities and it is the belief of the Association that such financial support will continue to be made available.

The Directors have determined that the financial report should be prepared on a going concern basis on the basis that the Directors of Gawith Foundation will provide funds as necessary to meet operting liabilities and will not call upon the loan in the twelve months from the date of signing these financial statements.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - revenue recognition

To identify a performance obligation under AASB15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgment to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature, cost, quantity and the period of transfer related to the goods or services promised.

4 Revenue and Other Income

	2021	2020
	$	$
Revenue		
- NDIS and individual support packages	**2,790,944**	3,284,532
- Government stimulus package	**1,506,150**	605,000
- Grant income	**807,713**	794,073
- Client fees	**655**	46,480
- Profit on sale of assets	**-**	17,055
- Sundry income	**15,226**	69,185
- Donations	**33,840**	33,000
- Interest received	**325**	815
Total Revenue	**5,154,853**	4,850,140

5 Cash and Cash Equivalents

	2021	2020
Cash on hand	**79,599**	73,531
Total cash and cash equivalents	**79,599**	73,531

6 Trade and Other Receivables

	2021	2020
CURRENT		
Trade receivables	**49,326**	66,406
Provision for doubtful debts	**(2,628)**	(9,519)
	46,698	56,887
Accrued revenue	**64,885**	46,588
Other debtors	**17,181**	11,933
Receivable from Gawith Foundation	**-**	5,135
Government subsidies receivable	**-**	180,000
Total trade and other receivables	**128,764**	300,543

Inclusion Melbourne Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2021

7 Plant and equipment

	2021	2020
	$	$
Fixtures		
At cost	**38,689**	38,689
Accumulated depreciation	**(20,952)**	(17,823)
Total furniture, fixtures and fittings	**17,737**	20,866
Motor vehicles		
At cost	**36,963**	36,963
Accumulated depreciation	**(34,245)**	(33,456)
Total motor vehicles	**2,718**	3,507
Office equipment		
At cost	**66,914**	66,914
Accumulated depreciation	**(45,818)**	(41,984)
Total office equipment	**21,096**	24,930
Computer equipment		
At cost	**230,549**	227,914
Accumulated depreciation	**(179,890)**	(155,199)
Total computer equipment	**50,659**	72,715
CRM system improvements		
At cost	**543,469**	543,469
Accumulated depreciation	**(159,141)**	(63,059)
Total CRM systems	**384,328**	480,410
LMS system improvements		
At cost	**1,364**	-
Accumulated depreciation	**-**	-
Total LMS system improvements	**1,364**	-
Total property, plant and equipment	**477,902**	602,428

8 Other Assets

	2021	2020
CURRENT		
Prepayments	**57,575**	70,288
Total other assets	**57,575**	70,288

9 Trade and other payables

	2021	2020
	$	$
CURRENT		
Other payables	**56,468**	107,437
Trade payables	**19,278**	11,177
Accrued expenses	**105,050**	94,205
Payable to Gawith Foundation	**15,214**	-
Total trade and other payables	**196,010**	212,819

10 Financial Liabilities

NON-CURRENT		
Loan from Gawith Foundation	**1,015,000**	1,015,000
Total financial liabilities	**1,015,000**	1,015,000

11 Income in Advance

CURRENT		
Income in advance	**162,824**	211,949
Total income in advance	**162,824**	211,949

12 Employee Benefits

CURRENT		
Employee benefits	**398,579**	366,748
Current Employee Benefits	**398,579**	366,748
NON CURRENT		
Employee benefits	**55,152**	-
Non Current Employee Benefits	**55,152**	-

13 Contingencies

In the opinion of the Board, the Association did not have any contingencies at 30 June 2021 (2020: Nil).

14 Related Parties

Transactions with related parties

The Association has commitments to continue to receive support Gawith Foundation.

The following transactions occurred with related parties:

	Revenue	Expenses	Balance outstanding Payable	Balance outstanding Receivable
	$	$	$	$
Gawith Foundation				
Premises hire	-	144,000	-	-
Corporate service fees	33,840	-	-	-
Grants	347,580	-	-	-
Payable	-	-	15,214	-
Loan	-	-	1,015,000	-

15 Cash Flow Information

Reconciliation of result for the year to cash flows from operating activities:

	2021	2020
	$	$
(Deficit) for the year	**(323,999)**	(317,386)
- depreciation	**128,525**	104,574
- net gain/ (loss) on disposal of property, plant and equipment	**-**	(17,054)
Changes in assets and liabilities;		
- (increase)/decrease in trade and other receivables	**171,779**	(73,760)
- (increase)/decrease in prepayments	**12,713**	-
- increase/(decrease) in amounts received in advance	**(49,125)**	-
- increase/(decrease) in trade and other payables	**(16,809)**	193,702
- increase/(decrease) in other provisions	**86,983**	83,903
Cash flow from operations	**10,067**	(26,021)

16 Events after the end of the Reporting Period

The COVID-19 pandemic began in 2020 and continues to have a global economic impact. While the future effect of the pandemic on the Association is unknown, operations and provision of services have been severely affected by government imposed operational and movement restrictions in the financial year ended 30 June 2021. Government restrictions continue to impact the delivery of services up until the date of the signing of the financial statements. However, the Board does not believe that the pandemic will prevent the Association from continuing to operate as a going concern due to the factors described in note 1(m).

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

17 Association Details

The registered office of the Association is:
Inclusion Melbourne Inc
67 Sutherland Road
Armadale VIC 3143

Inclusion Melbourne Inc

ABN: 67 568 450 949

Statement by the Board Members

The Board has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the accounting policies outlined in Note 2 to the financial statements.

In the opinion of the board, the board members certify that the financial report as set out on pages 2 to 17:

1. Presents a true and fair view of the financial position of Inclusion Melbourne Inc as at 30 June 2021 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 and 2 to the financial statements; and

2. At the date of this statement, there are reasonable grounds to believe that Inclusion Melbourne Inc will be able to pay its debts as and when they fall due with the continuing support of creditors.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

Board Member .... Board Member ....

Dated 24/11/2021

SAWARD DAWSON

Inclusion Melbourne Inc

ABN: 67 568 450 949

Auditors Independence Declaration under Section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012

In accordance with the requirements of section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012, as auditor for the audit of Inclusion Melbourne Inc for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

(i) No contraventions of the auditor independence requirements 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, and Accounting Professional and Ethical Standards.

Saward Dawson

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner
Blackburn VIC

Dated: 25 November 2021

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SAWARD DAWSON

Inclusion Melbourne Inc

ABN: 67 568 450 949

Independent Audit Report to the members of Inclusion Melbourne Inc

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the accompanying financial report, being a special purpose financial report of Inclusion Melbourne Inc (the Association), which comprises the statement of financial position as at 30 June 2021, 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 statement by the board members.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of Inclusion Melbourne Inc has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of the Association's financial position as at 30 June 2021 and of its financial performance and its cash flows for the year ended; and

(ii) complying with the Australian Accounting standards to the extent described in Note 1, Division 60 of the *Australian Charities and Not-for-Profits Commission Regulation 2013*, and the *Associations Incorporation Reform Act 2012*.

Basis for Qualified Opinions - Opening Balances

The financial report for the Association for the year ended 30 June 2020 was audited by another auditor who expressed an unmodified opinion on the financial report on 30 October 2020. We were not able to obtain sufficient appropriate audit evidence in relation to the comparative information. Accordingly we are unable to express an opinion on the comparative information and the impact of potential unidentified errors in the opening balances of retained surpluses

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

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

Inclusion Melbourne Inc

ABN: 67 568 450 949

Independent Audit Report to the members of Inclusion Melbourne Inc

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling Inclusion Melbourne Inc's financial reporting responsibilities under *the Australian Charities and Not-for-profits Commission Act 2012*, *Australian Charities and Not-for-profits Commission Regulation 2013*, and the *Association Incorporation Reform Act 2012*.

As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Association and should not be distributed to or used by parties other than the Association. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1(m) in the financial report, which indicates that the Association incurred a net loss of ($323,999) during the year ended 30 June 2021 and, as of that date, the Association's current liabilities exceeded its total assets by $1,083,725. The Association is reliant on the ongoing financial support of Gawith Foundation Inc. as stated in Note 1(m), these events or conditions, along with other matters as set forth in Note 1(m), indicate that a material uncertainty exists that may cast significant doubt on the the Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Board Members' Responsibility for the Financial Report

The Board of Inclusion Melbourne Inc are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of *the Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The board members' responsibility also includes such internal control as the officers determine is necessary to enable the preparation and fair presentation of a financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the board is responsible for assessing the Association'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 board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 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.

Inclusion Melbourne Inc

ABN: 67 568 450 949

Independent Audit Report to the members of Inclusion Melbourne Inc

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 Association's internal control.

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

- Conclude on the appropriateness of the board members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reporter, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saward Dawson

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner

Blackburn VIC
Dated: 25 November 2021