



ABN: 93 953 917 074

Financial Report
For the Year Ended 30 June 2019

OSTOMY ASSOCIATION OF MELBOURNE INC.

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Ostomy Association of Melbourne Inc.

COMMITTEE'S REPORT

Your committee members submit the financial report of the Ostomy Association of Melbourne Inc. for the financial year ended 30 June 2019.

COMMITTEE MEMBERS

The names of committee members throughout the year and at the date of this report unless otherwise stated are:

Efrem Goldhammer OAM	<i>President</i> (Appointed 15 October 2018)
Ian Samuel OAM	<i>President</i> (Resigned 15 October 2018)
Barry Cooper	<i>Vice President</i>
Susan Read	<i>Manager</i>
Wendy Sansom	<i>Member</i>
Roslyn Tatarka	<i>Member</i>
Stephen Carter	<i>Secretary</i> (Appointed 28 November 2018)
Colin Kennedy	<i>Treasurer</i> (Appointed 24 January 2019)
Garry Bell	<i>Treasurer</i> (Resigned 17 January 2019)
Robert Jackson	<i>Secretary</i> (Resigned 26 November 2018)
Lee Davis	<i>Member</i> (Resigned 5 November 2018)

PRINCIPAL ACTIVITIES

The principal activity of the association during the financial year was the supply of surgical appliances under the Stoma Appliance Scheme approved by the Australian Government Department of Human Services and administered by Medicare Australia to members requiring the use of such appliances. No significant change in this activity occurred during the year.

OBJECTIVES

Objectives of the Ostomy Association of Melbourne Inc. are:

Short term objectives

To maintain a committee, staff and volunteers trained and capable of distributing suitable appliances to its members.

Long term objectives

To help people with a stoma to cope with life and to provide information and encouragement concerning all aspects of stoma care.

Strategy for achieving the objectives

The association has adopted processes for training employees and volunteers, acquired and maintains suitable premises and has applied appropriate financial modelling toward long term viability with capacity for growth.

Ostomy Association of Melbourne Inc.

RISK

The committee has undertaken a risk analysis and has recognised that the greatest current risk to the operation of the entity arises from not having a written contract with the Australian Government in relation to the Stoma Appliance Scheme. The committee has considered the implication of, and the resultant reactions of any material changes to current arrangements.

OPERATING RESULT

The profit (loss) from ordinary activities for the year amounted to \$23,095 [2018: \$42,497].

No income tax is payable by the association.

VALUE OF VOLUNTEERS, DONATIONS AND PRO-BONO BENEFITS

The Committee would like to formally acknowledge the value that is attributable to all those who are involved in assisting the association to meet its objectives and for the first time express that value in dollar terms. During the period under review these can be classified as follows;

Volunteers who pick, pack, post and do filing	\$128,674
Committee who serve to maintain corporate compliance	<u>\$ 30,800</u>
Subtotal	\$159,474
Donations	<u>\$ 74,276</u>
Total	<u>\$233,750</u>

Without the help of the above the association would be unable to provide its services at current membership fees.

The Committee, on behalf of all members express a deep gratitude for this generosity.

Signed in accordance with a resolution of the Members of the Committee



E. Goldhammer OAM
President



C. Kennedy
Treasurer

Dated:

3 SEPT 2019

Ostomy Association of Melbourne Inc.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue	3	12,865,317	12,333,514
Expenses			
Purchase of medical appliances	4	(11,798,842)	(11,322,759)
Employee benefits expense	11	(664,185)	(561,018)
Operating lease expense	4	(2,126)	(1,998)
Depreciation and amortisation expense	8	(25,232)	(48,874)
Other expenses		(351,837)	(356,368)
Profit/(Loss) before income tax expense		23,095	42,497
Income tax expense		-	-
Profit/(Loss) after income tax expenses for the year attributable to the members		23,095	42,497
Other comprehensive income for the year, net of tax:		-	-
Total comprehensive profit/(loss) for the year attributable to the members		23,095	42,497

The accompanying notes form part of these financial statements.

Ostomy Association of Melbourne Inc.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019	2018
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,014,288	815,141
Trade and other receivables	6	1,058,518	997,013
Inventories	7	103,994	227,203
TOTAL CURRENT ASSETS		<u>2,176,800</u>	<u>2,039,357</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,492,468	1,507,273
TOTAL NON-CURRENT ASSETS		<u>1,492,468</u>	<u>1,507,273</u>
TOTAL ASSETS		<u>3,669,268</u>	<u>3,546,630</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	1,417,265	1,317,722
TOTAL CURRENT LIABILITIES		<u>1,417,265</u>	<u>1,317,722</u>
TOTAL LIABILITIES		<u>1,417,265</u>	<u>1,317,722</u>
NET ASSETS		<u>2,252,003</u>	<u>2,228,908</u>
EQUITY			
Retained earnings		2,252,003	2,228,908
TOTAL EQUITY		<u>2,252,003</u>	<u>2,228,908</u>

The accompanying notes form part of these financial statements.

Ostomy Association of Melbourne Inc.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Retained Earnings \$	Total \$
Balance at 1 July 2017	2,186,411	2,227,009
Profit/(Loss) after income tax expenses for the year	42,497	(40,598)
Other comprehensive income for the year, net of tax:	-	-
Total comprehensive income for the year	<u>42,497</u>	<u>(40,598)</u>
Balance at 30 June 2018	<u>2,228,908</u>	<u>2,186,411</u>
Balance at 1 July 2018	2,228,908	2,186,411
Surplus for the year	23,095	42,497
Other comprehensive income for the year, net of tax:	-	-
Total comprehensive income for the year	<u>23,095</u>	<u>42,497</u>
Balance at 30 June 2019	<u>2,252,003</u>	<u>2,228,908</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
CASH FLOW		
Receipts from members and sundry activities	758,676	732,359
Interest received	14,561	11,340
Operating receipts from Medicare Australia	12,092,080	11,589,814
Payments to suppliers and employees	<u>(12,816,989)</u>	<u>(12,242,772)</u>
Net cash provided by operating activities	<u>48,328</u>	<u>90,741</u>
(Increase)/Decrease in Debtors	(61,506)	(22,741)
(Increase)/Decrease in inventory	123,209	(2,096)
Increase in Creditors	99,543	4,859
Payments for property, plant and equipment	<u>(10,427)</u>	<u>(21,845)</u>
Net increase / (decrease) in cash held	199,147	48,918
Cash and cash equivalents at beginning of financial year	<u>815,141</u>	<u>766,223</u>
Cash and cash equivalents at end of financial year	<u>1,014,288</u>	<u>815,141</u>

The accompanying notes form part of these financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The financial statements cover Ostomy Association of Melbourne Inc. as an individual entity. Ostomy Association of Melbourne Inc. is an association incorporated in Victoria under the *Australian Charities and Not-for-profits Commission Act 2012*.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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

New, revised or amending Accounting Standards and Interpretations adopted.

The association has adopted all the new, revised or amending Accounting Standard and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

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

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

Historical Cost Convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated associations accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the incorporated association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sales Revenue

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken the delivery of the goods, the risks and rewards are transferred to the customer and there is valid sales contract. Amounts disclosed as revenue are net of sales returns.

Donations

Donations are recognised at the time the pledge is received.

Interest

Interest revenue is recognised when it is received.

Other revenue

Is recognised when it is received or when the right to receive payment is established

Ostomy Association of Melbourne Inc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

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

Current and non-current classification

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

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

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

Cash and Cash equivalents

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

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairments.

Property, plant and equipment

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

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

Buildings	40 Years
Freehold improvements	15 Years
Office equipment	3-5 Years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Ostomy Association of Melbourne Inc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and other payables

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using marking yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST')

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

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

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

Commitments and contingencies are disclosed net of the amount of the GST recoverable from, or payable to Australian Taxation Office (ATO).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Employee benefits provision

As discussed in note1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been considered.

Estimation of useful lives of assets

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

Economic Dependence

The association is dependent on the Department of Health (DHS) through Medicare Australia for most of its revenue used to operate its activity. At the date of this report the Committee has no reason to believe that dependence is at risk or likely to change significantly.

Ostomy Association of Melbourne Inc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 3: REVENUE AND OTHER INCOME		
Revenue		
- Member subscriptions	649,390	597,832
- Medicare Australia revenue	12,092,080	11,589,815
- Interest revenue	14,561	11,340
- Donations	74,276	70,969
- Sundry revenue	35,010	63,558
Total revenue	<u>12,865,317</u>	<u>12,333,514</u>

NOTE 4: EXPENSES

Cost of sales:

- Medical appliances	<u>11,798,842</u>	<u>11,322,759</u>
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Other expenses:

Remuneration of Auditor:	2,900	5,000
Rental expense on operating leases:	2,126	1,998

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	414,288	203,272
Short-term bank deposits	600,000	611,869
	<u>1,014,288</u>	<u>815,141</u>

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

Medicare Australia	1,048,800	988,620
Other receivables	9,718	8,393
Total trade and other receivables	<u>1,058,518</u>	<u>997,013</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 7: INVENTORIES		
Current	103,994	227,203
Total stock of goods on hand	<u>103,994</u>	<u>227,203</u>
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
Office Equipment:		
At cost	138,295	133,134
Accumulated depreciation	<u>(112,731)</u>	<u>(98,753)</u>
	25,564	34,381
Furniture & Fixture:		
At cost	86,152	83,858
Accumulated depreciation	<u>(80,924)</u>	<u>(72,642)</u>
	5,228	11,216
Land and Buildings Lot 14	1,040,063	1,040,063
Land and Buildings Lot 16	393,063	393,063
Building Improvements	<u>28,550</u>	<u>28,550</u>
	1,461,676	1,461,676
Total property, plant and equipment	<u>1,492,468</u>	<u>1,507,273</u>

Reconciliation

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

	Office Equipment	Furniture & Fixture	Land & Buildings	Total
	\$			\$
Balance at 1 July 2018	34,381	11,216	1,461,676	1,507,273
Additions	8,133	2,294	-	10,427
Written off	-	-	-	-
Depreciation expense	<u>(16,950)</u>	<u>(8,282)</u>	-	<u>(25,232)</u>
Carrying amount at 30 June 2019	<u>25,564</u>	<u>5,228</u>	1,461,676	<u>1,492,468</u>

Ostomy Association of Melbourne Inc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 9: TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured liabilities:		
Trade creditors and other payables	1,037,050	944,772
Superannuation payable	5,121	-
Memberships received in advance	172,915	172,510
Postage prepaid	92,165	82,189
GST payable	11,420	9,722
PAYG payable	5,392	15,915
Employee benefits	88,702	87,614
Audit Fee accrual	4,500	5,000
	<u>1,417,265</u>	<u>1,317,722</u>

NOTE 10: FINANCIAL MANAGEMENT

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets			
Cash and cash equivalents	5	1,014,288	815,141
Receivables	6	1,058,518	997,013
Total financial assets		<u>2,072,806</u>	<u>1,812,154</u>

The Association has a Business Equity facility with its Bank secured by a first mortgage over its properties in the amount of \$489,700 that at 30 June 2019 is undrawn.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the association during the year are as follows:

	2019	2018
	\$	\$
Key management personnel compensation	<u>664,185</u>	<u>561,018</u>

ASSOCIATION DETAILS:

The registered office is:

Ostomy Association of Melbourne Inc.
Unit 14, 25–37 Huntingdale Road
Burwood VIC 3125, Australia

The principal place of business is:

Ostomy Association of Melbourne Inc.
Unit 14, 25–37 Huntingdale Road
Burwood VIC 3125, Australia

LAW FIRM TO THE ASSOCIATION:

Arnold Bloch Leibler
Lawyers and Advisers
Level 21
333 Collins Street
Melbourne VIC 3000 Australia

Ostomy Association of Melbourne Inc.

STATEMENT BY MEMBERS OF THE COMMITTEE

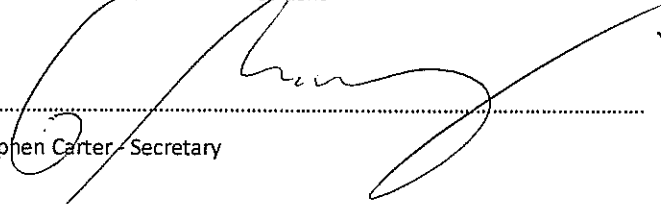
In the opinion of the committee the financial report as set out on pages 5 to 15:

1. Presents a true and fair view of the financial position of Ostomy Association of Melbourne Inc. as at 30 June 2019 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Ostomy Association of Melbourne Inc. will be able to pay its debts as and when they fall due.

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



.....
Efrem Goldhammer OAM – President



.....
Stephen Carter – Secretary

Dated this 3rd day of SEPT. 2019

Prospect Accountants



Principal: Tim. P. Meehan
Chartered Accountant Registered Company Auditor

THE OSTOMY ASSOCIATION OF MELBOURNE INC.
ABN: 93 953 917 074

Auditors Declaration of Independence

To the Committee of the Ostomy Association of Melbourne Inc.

I declare that, to the best of my knowledge and belief, for the year ended 30 June 2019, there has been no contraventions of:

- a) The auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit
- b) Any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Tim P. Meehan'.

Tim P. Meehan CA
Prospect Accountants

Dated: 3rd September 2019

Balwyn North, Victoria

Prospect Accountants



Principal: Tim. P. Meehan
Chartered Accountant Registered Company Auditor

THE OSTOMY ASSOCIATION OF MELBOURNE INC. ABN: 93 953 917 074

Independent Auditor's Report

To the Members of the Ostomy Association of Melbourne Inc.,

We have audited the financial report of the Ostomy Association of Melbourne Inc., which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Profit and 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 declaration by members of the committee.

In our opinion, the financial report of the Ostomy Association of Melbourne Inc. has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) Giving a true and fair view of the Ostomy Association of Melbourne Inc.'s financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b) Complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of 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 this report. We are independent of the Ostomy Association of Melbourne Inc. 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 my 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 audit opinion.

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

The Committee is responsible for the other information. The other information comprises the information included in the Ostomy Association of Melbourne Inc.'s annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibilities 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 Committee for the Financial Report

The Committee of the Ostomy Association of Melbourne Inc. is responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee is responsible for assessing the Ostomy Association of Melbourne Inc.'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 Committee either intends to liquidate the Ostomy Association of Melbourne Inc. or to cease its operation, or have no realistic alternative but to do so.

The Committee is responsible for overseeing the Ostomy Association of Melbourne Inc.'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 my 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 aggregate, they could reasonably be expected to influence the economic decisions of committees taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment 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 controls 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 fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Conclude on the appropriateness of committees' 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 fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the 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 the auditor's report. However, future events or conditions may cause the fund 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 committee 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 the audit.

PROSPECT ACCOUNTANTS

Suite 5, 74 Doncaster Road,
North Balwyn, Victoria 3104



TIM P. MEEHAN CA
PRINCIPAL

Dated: 3rd September 2019