SO THEY CAN
ACN 138 063 475

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 December 2019

Your directors present this report on the entity for the year ended 31 December 2019.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Peter Hunt AM (Chair)
Cassandra Treadwell
Keri Chittenden
Andrew Bloxham
Michelle Goldstone (Resigned on 27 February 2020)
Ian Kortlang (Resigned on 2 August 2019)
Paul Murnane
Dianne Lucas

Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the entity during the year was as a registered charity carrying out fundraising for and program oversight of international development activities that support education and sustainable community development projects. This involved raising funds and awareness in Australia and together with So They Can entities globally, overseeing programs in Kenya and Tanzania to help meet the short and long term objectives of the entity.

The entity's short-term objectives are as follows:

- Continue fundraising activities and program oversight to support the following international development programs:

In Kenya:

- Aberdare Ranges Primary School is a full primary school, with 1080 students catering to early childhood development through to standard eight.
- Miti Mingi Village cares for up to 120 orphaned and vulnerable children.
- The medical clinic for the Pipeline community in Nakuru that supports a community of 20,000 and carries out approximately 700 health appointments each month, supplying vital medication and medical treatment.
- Social business including the Sew Women Can sewing project which employs and provides skills to single mothers.
- A microfinance business school and entrepreneur mentoring project which supports the local community.

In Tanzania:

- The Mamire Teachers Training College; a boarding college that provides a Teachers Diploma and Certificate Qualification. To improve the education and school learning environment, Mamire Teachers Training College provides students with an exceptional education. Completed facilities at the end of the financial year included classrooms, a library block, tutors' houses, one multipurpose hall, student accommodation dormitories and associated sanitary blocks.
- An education collaborative in the rural Mamire region to support twenty six primary schools during the year, for which a pilot program for four schools was carried out during the year. Support provided included educational materials, water tanks and the WASH program, sports equipment, provision of a school feeding program, in service training and the up-skilling of teachers through teacher mentors.
- Social business projects aim to support the community through innovation, agricultural production, community development and funding of education projects. These projects include farming projects and a bicycle shop.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The entity's long-term objectives are as follows:

- To undertake fundraising and provide program oversight and governance to empower communities through education so they can break the poverty cycle, enabling them to realise their own potential and meet their own needs. To achieve the above objective, So They Can works in partnership with affiliated So They Can entities globally, local communities and Governments, to address the root causes of poverty to empower those communities through education and sustainable development activities.

Operating results for the year

These financial statements are prepared for the year ended 31 December 2019.

The gross revenue of So They Can Australia during the year ended 31 December 2019 was $2,209,211 (2018: $2,464,925), and expenses amounted to $2,450,550 (2018: $2,153,485) resulting in a deficit for the year of $241,339 (2018: surplus of $331,440).

Information on Directors

Peter Hunt AM

- Chair of So They Can Board
- Chaired Greenhill Australia from 2009 through to March 2018. Executive Chairman and one of the original founders of Greenhill's predecessor firm, Caliburn Partnership.
- Chaired the Securities Institutes Taskforce responsible for the Mergers and Acquisitions graduate diploma course from 1993 – 2000
- Member of the ASIC Advisory Panel from 2009 – 2012
- Chair of Grameen Foundation Australian and Grameen Australia Philippines
- Founder of Manly Women's Shelter and Founder and Director of Women's Community Shelters
- Member of the Advisory Councils of the Monash Sustainable Development Institute and the Centre for Social Impact
- Director of Project Rozanna

Cassandra Treadwell

- Chief Executive Officer, Director and Co-Founder
- Bachelor of Laws: Master of Arts medical law and ethics
- Medico Legal Counsel Capital & Coast Health New Zealand
- Fellow Medical Law and Ethics North Shore Hospital Sydney
- 12 years' experience in international development and NGO projects
- Nominated for 2015 New Zealander of the year (1 of 10 finalists)
- Nominated for 2018 New Zealand Women of Influence Awards (1 of 10 finalists)

Keri Chittenden

- Country Director Kenya, Director and Co-Founder
- Bachelor of Business (Land Economy)
- 3 years project management with Lend Lease Development in Sydney and London
- 10 years event production and general manager for David Grant Special Events
- 5 years owner/director of the Skywalk Company, operating as executive producer/ project manager
- Recognised as one of Australia's 100 Women of Influence in 2015

Information on Directors (continued)

Paul Murnane	-	Director and Chair of the Audit and Risk Committee
	-	Bachelor of Economics (USYD), Master of Business Administration (UNSW), FAICD, SF FINSIA
	-	Over 35 years' experience in financial services, consulting and general management as a company director and corporate advisor in Australia and abroad
	-	Most recently Senior Advisor of O'Sullivan Partners (now Lazard Australia) and Executive Director of Goldman Sachs JBWere
	-	Currently Chair MS Research Australia, the Australian Scholarships Foundation; director The Sydney Institute, Grameen Foundation Australia, MS Australia, the Australian String Quartet
Michelle Goldstone	-	Director
(Resigned on 27 February 2020)	-	Bachelor of Commerce from University of Western Australia; member of the Institute of Chartered Accountants as well as a Fellow of the Financial Services Institute of Australia
	-	Over 25 years' experience in investment management, corporate finance and banking
	-	Director of Jewish Care Foundation
	-	Chair of the Investment Committee of Impact Investment Group
Andrew Bloxham	-	Director
	-	Group General Manager for Tyres4U Pty Ltd, a top 100 Australian company
	-	Director of the Australian Tyre Industry Council
	-	Initiator of Miti Mingi Village (a So They Can project in Kenya)
Ian Kortlang	-	Director
(Resigned on 2 August 2019)	-	Executive Chair, Australia at Africa practice
	-	Previously Chief Executive at 360m
	-	Previously Chief Executive at Burson Marsteller Australia Previously Executive Vice Chairman (Worldwide) at Gavin Anderson Previously Chief of Staff and Campaign Strategist to the State Leader of the Opposition (NSW)
Dianne Lucas	-	Director
	-	Di has a background in education, specialising in early learning in disadvantaged schools. Additionally, she is a Director of private investment companies.
	-	Di is involved in philanthropic fundraising and strategic advice. She is the Chair of the Lort Smith Ethics Committee, a Member of the Australian Committee for Human Rights Watch and a Patron of the Arts.
	-	Her special interests include medical research, animal welfare, human rights, the arts and ethics.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Meetings of Directors

During the year, four meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Cassandra Treadwell	4	3
Keri Chittenden	4	4
Peter Hunt AM (Chair)	4	3
Andrew Bloxham	4	-
Michelle Goldstone	4	4
Ian Kortlang	2	1
Paul Murnane	4	4
Dianne Lucas	4	3

Director's Remuneration

Non-Executive Directors do not receive any remuneration from the entity.

Members Guarantee

The entity is limited by guarantee, incorporated and domiciled in Australia. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $1.00 each towards meeting any outstanding obligations of the entity. At 31 December 2019, the total amount that members of the company are liable to contribute if the company is wound up is $1.00 (31 December 2018: $1.00).

Auditor's Independence Declaration

The external auditor's independence declaration for the year ended 31 December 2019 has been received and can be found on page 7 of this financial report.

Signed in accordance with a resolution of the Board of Directors.

Director Paul Murnane

Dated this 27th day of May, 2020.

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of So They Can

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in 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.

KPMG

KPMG

Richard Drinnan

Partner

Wollongong

27 May 2020

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31-Dec-2019	31-Dec-2018
		$	**$**
Revenues			
Revenue	2	**2,187,261**	2,442,592
Other income	2	**21,950**	22,333
		2,209,211	2,464,925
Expenses			
Employee expenses		**(667,913)**	(365,205)
Contractor Expenses		**(34,002)**	(176,598)
Project visit expenses		**(101,776)**	(115,490)
Event specific costs		**(95,902)**	(127,757)
Interest expense		**(1,932)**	(5)
Depreciation expense	5	**(35,253)**	(2,048)
International program expenses	9	**(1,278,812)**	(1,177,781)
Other expenses		**(234,960)**	(188,601)
		(2,450,550)	(2,153,485)
Net (deficit)/surplus before tax		**(241,339)**	311,440
Income tax expense	1(i)	**-**	-
Net (deficit)/surplus after tax		**(241,339)**	311,440
Other comprehensive income		**-**	-
Total comprehensive (loss)/income for the year		**(241,339)**	311,440
Net (deficit)/surplus attributable to members of the entity		**(241,339)**	311,440
Total comprehensive (loss)/income attributable to the members of the entity		**(241,339)**	311,440

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	31-Dec-2019	31-Dec-2018
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3(a)	**724,440**	1,222,285
Financial assets	3(b)	**430,828**	160,000
Trade and other receivables	4	**5,738**	7,551
Inventories		**3,045**	-
TOTAL CURRENT ASSETS		**1,164,051**	1,389,836
NON-CURRENT ASSETS			
Property, plant and equipment	5	**57,502**	8,321
TOTAL NON-CURRENT ASSETS		**57,502**	8,321
TOTAL ASSETS		**1,221,553**	1,398,157
CURRENT LIABILITIES			
Trade and other payables	6	**209,123**	239,217
Provisions	7	**57,972**	14,109
Lease liability	10	**33,498**	-
TOTAL CURRENT LIABILITIES		**300,593**	253,326
NON-CURRENT LIABILITIES			
Lease liability	10	**17,468**	-
TOTAL NON-CURRENT LIABILITIES		**17,468**	-
TOTAL LIABILITIES		**318,061**	253,326
NET ASSETS		**903,492**	1,144,831
EQUITY			
Retained profits		**903,492**	1,144,831
TOTAL EQUITY		**903,492**	1,144,831

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Retained Earnings $	Total $
Balance at 1 January 2018	833,391	833,391
Surplus attributable to members of the entity	311,440	311,440
Balance at 31 December 2018	1,144,831	1,144,831
Balance at 1 January 2019	**1,144,831**	**1,144,831**
Deficit attributable to members of the entity	**(241,339)**	**(241,339)**
Balance at 31 December 2019	**903,492**	**903,492**

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31-Dec-2019	31-Dec-2018
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from donations and other revenue streams		**2,149,092**	2,409,528
Payments to overseas development programs		**(1,278,812)**	(1,177,781)
Payments to suppliers and employees		**(1,061,898)**	(891,020)
Net cash (used in)/provided by operating activities	3(c)	**(191,618)**	340,727
CASH FLOWS FROM INVESTING ACTIVITIES			
Net redemptions of financial assets		**(270,827)**	(160.000)
Payment for property, plant and equipment		**(2,250)**	(7,492)
Net cash (used in) investing activities		**(273,077)**	(167.492)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		**(33,150)**	-
Net cash (used in) financing activities		**(33,150)**	-
Net increase in cash and cash equivalents		**(497,845)**	173.235
Cash and cash equivalents at beginning of year		**1,222,285**	1,049,050
Cash and cash equivalents at end of year	3(a)	**724,440**	1.222.285

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for So They Can (the Company) as an individual not-for-profit entity, incorporated and domiciled in Australia as a company limited by guarantee.

Basis of Preparation

These financial statements are Tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the *Australian Charities and Not-For-Profits Commission Act 2012.*

These financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Significant accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The financial statements have been prepared on an accruals basis and are based on historical cost, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors on 4th May 2020.

Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies set out in this note to all periods presented in these financial statements.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 January 2019.

The Company has adopted AASB 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2018 has not been restated, i.e. it is presented, as previously reported, under AASB 118 and related interpretations. Additionally, the disclosure requirements in AASB 15 have not generally been applied to comparative information. The initial application of AASB 15 and AASB 1058 has not had a material effect on the Company's financial statements.

AASB 16 Leases

The Company initially applied AASB 16 from 1 January 2019.

AASB 16 introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for:

i) leases that have a lease term of 12 months or less ("short-term leases") and
ii) leases of low-value assets.

It also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

So They Can applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for the year ended 31 December 2018 is not restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information. The details of the changes in accounting policies are disclosed below.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies (continued)

a) Definition of a lease

Previously, So They Can determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*. So They Can now assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Peppercorn leases (i.e. leases with significantly below market rates) are common amongst non not for profit entities. Under AASB 1058, leased assets arising from significantly below market leases will be measured at fair value at the inception of the lease, whilst the lease liability will be recognised at the present value of peppercorn lease payment amounts. The difference between the lease asset and liability will be recorded as income under AASB 1058. The peppercorn lease concessions under AASB 1058 are not applicable to So They Can as the premises lease is not significantly below market value.

b) As a lessee

As a lessee, the Company's leased assets includes office premises. Under AASB 16, the Company recognises a right-of-use asset and lease liability – i.e. the lease is on-balance sheet.

c) Impact on financial statements

On transition to AASB 16, the Company recognised $82,184 of right-of-use assets and lease liabilities for its office premises lease. For the impact of AASB 16 on profit or loss for the period, see Note 10. For details of accounting policies under AASB 16 and AASB 117, see Note 1(n).

(a) Revenue

Donations from donors and events held, bequests and sponsorship are recognised as revenue when the Company gains control of the assets.

Grant revenue is recognised in the period to which it relates.

Project visit revenue is recognised when the service is rendered.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost, less, where applicable, accumulated depreciation and impairment losses.

(i) Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, plant and equipment (continued)

(ii) Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Annual Depreciation Rate
Plant and equipment	5.00% - 33.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(c) Finance income and finance costs

The Company's finance income and finance costs include: interest income and interest expense.

Interest income or expense is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimates future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

(d) Trade and other receivables

The recoverability of debtors is assessed at balance date and provision is made for any expected credit losses.

(e) Impairment of Assets

At the end of each reporting year, the entity reviews the carrying values 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 to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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 entity 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 assets, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year 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 not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(g) Cash and Cash Equivalents

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

(h) 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 Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO. The GST component of financing and investing activities which is recoverable from, or payable to, the ATO is classified as a part of operating cash flows. Accordingly, investing and financing cash flows are presented in the statement of cash flows net of the GST that is recoverable from, or payable to, the ATO.

(i) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(j) Provisions

Provisions are recognised when the entity 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting year.

(k) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting year for goods and services received by the company during the reporting year which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Project visit expenses

Project visit expenses includes both domestic and international staff travel as well as travel expenses for guests visiting the international development projects which is a cost invoiced to and paid for by the guest participants.

(m) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(n) Leases

The Company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4. The details of accounting policies under AASB 117 and AASB Interpretation 4 are disclosed separately.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Leases

Policy applicable before 1 January 2019

Leases under which the entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases.

Payments made under operating leases are expensed in profit or loss on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Policy applicable from 1 January 2019

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

i) As a lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-2019	31-Dec-2018
		$	$
NOTE 2(a): REVENUE			
Revenue recognised under AASB 15 (2018: AASB 118)			
Donations		**854,651**	982,191
Grants		**520,980**	568,561
Events		**224,800**	219,008
Sponsorship		**513,573**	480,383
Project visits		**73,257**	85,239
So They Can USA donation		**-**	107,186
Sundry revenue		**-**	24
		2,187,261	2,442,592
Other income			
Interest earned		**22,072**	14,130
Foreign exchange (losses)/gains		**(122)**	8,203
		21,950	22,333

NOTE 3: CASH AND CASH EQUIVALENTS

3(a) Cash and cash equivalents			
Petty cash		**1,012**	3,112
Cash at bank		**411,840**	210,236
Term deposits with original maturities less than 3 months		**311,588**	1,008,938
		724,440	1,222,285
3(b) Financial assets			
Term deposits with original maturities more than 3 months		**430,828**	160,000
		430,828	160,000
3(c) Reconciliation of profit to net cash flows from operating activities			
(Deficit)/surplus from operations		**(241,339)**	311,440
Depreciation expense		**35,253**	2,049
Interest on lease liability		**1,932**	-
(Increase)/decrease in trade and other receivables		**(1,872)**	25,938
(Increase)/decrease in inventories		**(3,045)**	-
(Decrease)/increase in trade and other payables		**(26,409)**	1,203
Increase in provisions		**43,862**	97
Net cash flow (used in)/from operating activities		**(191,618)**	340,727

NOTE 4: TRADE AND OTHER RECEIVABLES

Accounts receivable		**5,738**	3,629
Prepayments		**-**	237
GST clearing		**-**	3,685
		5,738	7,551

	Note	31-Dec-2019	31-Dec-2018
		$	$

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment

	31-Dec-2019	31-Dec-2018
Small assets	**15,387**	13,137
Less accumulated depreciation	**(7,178)**	(4,816)
	8,209	8,321
Right of use asset – leased property	**82,184**	-
Less accumulated depreciation	**(32,891)**	-
	49,293	-
Total property, plant and equipment	**57,502**	8,321

Movements in carrying amounts	**Small assets $**	**Leased property $**	**Total $**
Balance at 1 January 2018	2,878	-	2,878
Additions	7,492	-	7,492
Disposals	-	-	-
Depreciation expense	(2,049)	-	(2,049)
Carrying value at 31 December 2018	8,321	-	8,321

Movements in carrying amounts	**Small assets $**	**Leased property $**	**Total $**
Balance at 1 January 2019	**8,321**		**8,321**
Recognition of right-of-use asset on initial application of AASB 16		**82,184**	**82,184**
Additions	**2,250**	**-**	**2,250**
Disposals	**-**	**-**	**-**
Depreciation expense	**(2,362)**	**(32,891)**	**(35,253)**
Carrying value at 31 December 2019	**8,209**	**49,293**	**57,502**

NOTE 6: TRADE AND OTHER PAYABLES

	31-Dec-2019	31-Dec-2018
CURRENT		
Accrued expenses	**23,782**	13,946
Superannuation payable	**11,592**	9,736
PAYG withholding payable	**14,354**	12,040
Deposits in advance	**-**	10,700
Intercompany payables	**158,601**	192,795
GST clearing	**794**	-
	209,123	239,217

	Note	31-Dec-2019 $	31-Dec-2018 $

NOTE 7: PROVISIONS

	31-Dec-2019 $	31-Dec-2018 $
CURRENT		
Annual leave provision	**57,952**	14,109
	57,952	14,109

NOTE 8: OTHER EMPLOYEE BENEFITS

Defined contribution superannuation plans

The Company has paid contributions to defined contributions plans on behalf of employees for the year ended 31 December 2019 of $41,887 (2018: $30,843).

NOTE 9: INTERNATIONAL PROGRAM EXPENSES

	31-Dec-2019 $	31-Dec-2018 $
Grants to So They Can Kenya	**998,796**	860,083
Grants to So They Can Tanzania	**280,016**	317,698
	1,278,812	1,177,781

NOTE 10: LEASES

(a) Leases as lessee

The Company leases its head office in Crows Nest, NSW. The lease was entered into on 7 July 2018 and expires on 6 July 2021. Previously, this lease was classified as an operating lease under AASB 117.

Information about leases in which the Company is a lessee is presented below:

(i) Right-of-use assets

Right-of-use assets relating to leased property that do not meet the definition of investment property are presented as property, plant and equipment in Note 5.

(ii) Lease liabilities

The lease liability representing minimum future lease payments is broken down into a current and non-current portion. The current portion represents payments due within 12 months of the balance date and the non-current portion represents payments due more than 12 months after the balance date.

The incremental borrowing rate applied is 3%.

Lease liability – head office	31-Dec-2019 $
Current	**33,498**
Non-current	**17,468**
	50,966

NOTE 11: RELATED PARTIES

Key management personnel compensation

Key management personnel compensation was $426,202 for the year ended 31 December 2019 (2018: $335,478).

NOTE 12: EVENTS AFTER THE BALANCE SHEET DATE

The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by governments, regulators and numerous industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020. This has led to the closure of Australian borders from 20 March, an increasing level of restrictions on corporate Australia's ability to operate, significant volatility and instability in financial markets and the release of a number of government stimulus packages to support individuals and businesses as the Australian and global economies face significant slowdown and uncertainties.

The company has continued in operations and implemented safety measures in the working environment. It is expected revenue from donations and fundraising events will be negatively impacted from the economy downturns, partly offset by the potential cost savings in operating expenses resulting from remote working arrangement. The company continues to monitor developments in the COVID-19 pandemic and the measures being implemented on the economy to control and slow the outbreak. Given the dynamic nature of these circumstances and the significant increase in economic uncertainty, the related impact on the company's go forward results of operations, cash flows and financial condition cannot be reasonably estimated at this stage and will be reflected in the company's 2020 annual financial statements.

Charitable activities undertaken by the company have continued to be carried out as previously planned and reported. No other matters of circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations of the company, the result of those operations or the state of affairs of the company in subsequent financial years.

NOTE 13: INCOME AND EXPENDITURE – FUNDRAISING APPEALS

This disclosure is made under the NSW Charitable Fundraising Act (1991). When reading the following information, please consider that this note relates solely to event appeals and does not take into account the entity's other income generating activities. So They Can Australia's overall public fundraising costs (as calculated in accordance with the ACFID Code of Conduct shown in Note 14 below) totalled 14.6% of gross income in 2019 (7.7% in 2018).

	Note	31-Dec-2019 $	31-Dec-2018 $
i. Details of aggregate gross income and total expenses of Fundraising Appeals			
Gross proceeds of Fundraising Appeals		315,554	507,021
Costs of Fundraising Appeals		(98,870)	(136,454)
Net surplus obtained from Fundraising Appeals		216,684	370,567

ii. Statement showing how funds and goods received were applied to charitable purposes

Fundraising appeals conducted during the financial period were applied to the Kenya and Tanzania School Programs.

iii. Fundraising Appeals conducted during the financial year

	31-Dec-2019	31-Dec-2018
Melbourne Lunch		
Gross income received	44,119	69,230
Expenditure incurred	(17,845)	(25,910)
	26,274	43,320
Sydney Ladies Lunch		
Gross income received	23,921	32,666
Expenditure incurred	(16,677)	(25,277)
	7,244	7,389
Sydney Annual Dinner		
Gross income received	247,514	405,125
Expenditure incurred	(64,348)	(85,267)
	183,166	319,858

	Note	31-Dec-2019	31-Dec-2018
		$	$

NOTE 14: ADDITIONAL ACFID TRANSPARENCY DISCLOSURES (continued)

iv. Key ratios

	%	%
Total cost of fundraising appeals / Gross income from fundraising appeals	31.3	26.9
Net surplus from fundraising appeals / Gross income from fundraising appeals	68.7	73.1

The following additional financial information has been prepared in accordance with the requirements set out in the ACFID Code of Conduct. So They Can is an ACFID member and a signatory to the ACFID Code of Conduct and is committed to full adherence to its requirements. The Code aims to improve international development outcomes and increase stakeholder trust by enhancing the transparency and accountability of member organisations. For further information on the Code please refer to the ACFID Code of Conduct Guidance available at www.acfid.asn.au.

ACFID Format Income Statement

	31-Dec-2019	31-Dec-2018
Revenue		
Donations and gifts		
- Monetary	1,368,225	1,462,574
- Non-monetary	-	30,000
Grants		
- Department of Foreign Affairs and Trade	-	-
- Other Australian	520,980	568,561
- Other overseas	-	-
Investment Income	22,072	14,130
Other income	297,934	419,660
Total Revenue	2,209,211	2,494,925
Expenditure		
International Aid and Development Programs Expenditure		
- Funds to International Programs	(1,278,812)	(1,177,781)
- Program Support Costs	(275,051)	(257,155)
- Community Education	-	-
-Non-monetary expenditure	-	(30,000)
Fundraising Costs		
- Public	(322,268)	(190,203)
- Government, multilateral and private	-	-
Accountability and Administration	(344,889)	(284,724)
Other	(229,530)	(243,622)
Total Expenditure	(2,450,550)	(2,183,485)
(Shortfall)/Excess of Revenue over Expenditure	(241,339)	311,440

	%	%
Fundraising costs as percentage of Gross Income	14.6	7.7
Accountability and administration costs as percentage of Gross Income	15.6	11.6

NOTE 15: COMPANY DETAILS

The registered head office of the company is:

So They Can
Suite 206
35 Hume Street
CROWS NEST NSW 2065

SO THEY CAN
ACN 138 063 475

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors of the entity declare that:

(a) the financial statements and notes that are set out on pages 8 to 22, are in accordance with the *Australian Charities and Not-For-Profits Commission Act 2012* including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance, for the year ended on that date;

(ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-For-Profits Commission Regulation 2013; and

(iii) the *Charitable Fundraising Act (NSW) 1991*.

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

(c) the Statement of Profit or Loss and Other Comprehensive Income gives a true and fair view of all income and expenditure of the organisation with respect to fundraising appeals;

(d) the Statement of Financial Position gives a true and fair view of the state of affairs of the organisation with respect to fundraising appeals;

(e) the financial report and associated records of the Company have been properly kept during the year ended 31 December 2019 in accordance with the provisions of the *Charitable Fundraising Act 1991*, the regulations under the Act and the conditions attached to the organisation's authority; and

(f) the internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

Signed in accordance with a resolution of the directors:

Director 

Dated this 27th day of May, 2020.

Independent Auditor's Report

To the members of So They Can

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report***, of the So They Can (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

i. giving a true and fair view of the Company's financial position as at 31 December 2019, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Financial Report*** comprises:

i. Statement of financial position as at 31 December 2019.

ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.

iii. Notes including a summary of significant accounting policies.

iv. Directors' declaration of the Company.

v. Declaration by the Board of Directors in respect of fundraising appeals of the Company.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in So They Can's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.

ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations.

iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iv. Assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

i. 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.

ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Company's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

v. 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 Directors of the registered Company 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.

In addition we have:

i. Obtained an understanding of the internal control structure for fundraising appeal activities.

ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulation.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

i. the Financial Report gives a true and fair view of the Company's financial result of fundraising appeal activities for the financial year ended 31 December 2019;

ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2019 to 31 December 2019, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;

iii. money received as a result of fundraising appeal activities conducted during the period from 1 January 2019 to 31 December 2019 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and

iv. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

KPMG

Richard Drinnan

Partner

Wollongong

27 May 2020