

**SO THEY CAN
ACN 138 063 475**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

**SO THEY CAN
ACN 138 063 475**

**TABLE OF CONTENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Directors' Report	3
Auditor's Independence Declaration	8
Financial Statements	
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13–22
Directors' Declaration	23
Declaration under the Charitable Fundraising Act 1991	24
Independent Auditor's Report	25

**SO THEY CAN
ACN 138 063 475**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Your directors present this report on the entity for the year ended 31 December 2017.

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
Ian Kortlang
Paul Murnane
Jeremy Sandbrook (Resigned on 23 March 2018)
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 1,080 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 day and boarding college that provides a Teachers Diploma 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 nine 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.

**SO THEY CAN
ACN 138 063 475**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 this 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 2017 with prior year comparatives for the year ended 31 December 2016.

The gross revenue of So They Can Australia during the year ended 31 December 2017 was \$2,119,500 (2016: \$2,222,332) and expenses amounted to \$1,889,306 (2016:\$2,058,786) resulting in a surplus for the year of \$230,194 (2016:\$163,546).

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)

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

**SO THEY CAN
ACN 138 063 475**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Information on Directors (continued)

- Paul Murnane**
- Director
 - 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 the Australian Scholarships Foundation; director The Sydney Institute, Grameen Foundation Australia, MS Australia, the Australian String Quartet
- Michelle Goldstone**
- Director and Chair of the Audit and Risk Committee
 - 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
 - Owner of Tyre & Tube Australia, a national import/wholesale business
 - Director of the Australian Tyre Industry Council
 - Initiator of Miti Mingi Village (a So They Can project in Kenya)
- Ian Kortlang**
- Director
 - 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
- Jeremy Sandbrook**
- Director
 - Founder and Chief Executive of Integritas360, a social enterprise dedicated to raising integrity in global development
 - Expert in NGO governance and anti-corruption
 - Chartered Accountant, Holder of Master of Philosophy, Post Graduate Diploma in Development Studies (Distinction), and a Bachelor of Commerce and Administration
 - Previously senior executive and Board member in the international development sector in Africa with SOS Children's Villages International
- Dianne Lucas**
- Director
 - Philanthropist in the areas of medical research, animal welfare, human rights and the arts
 - Chair, Lort Smith Animal Hospital Ethics Committee; Director, Cell Care; Australian Committee for Human Rights Watch; Fundraising Committee for The Burnet Institute and a Patron of the Arts actively supporting MSO and The Melbourne Theatre Company

**SO THEY CAN
ACN 138 063 475**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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
Andrew Bloxham	4	3
Cassandra Treadwell	4	4
Dianne Lucas	4	3
Ian Kortlang	4	3
Jeremy Sandbrook	4	4
Keri Chittenden	4	4
Michelle Goldstone	4	4
Paul Murnane	4	3
Peter Hunt AM (Chair)	4	3

Director's Remuneration

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

**SO THEY CAN
ACN 138 063 475**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The entity is incorporated under the *Australian Charities and Not-For-Profits Commission Act 2012* and is an entity limited by guarantee. 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 2017, the total amount that members of the company are liable to contribute if the company is wound up is \$1.00 (31 December 2016: \$1.00).

Auditor's Independence Declaration

The external auditor's independence declaration for the year ended 31 December 2017 has been received and can be found on page 8 of this financial report.

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

Director



Dated this 27th day of July, 2018.



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 2017 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

Richard Drinnan

Partner

Wollongong

27 July 2018

**SO THEY CAN
ACN 138 063 475**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	31-Dec-2017	31-Dec-2016
		\$	\$
Revenues			
Revenue	2	2,119,280	2,222,132
Other income		220	200
		<u>2,119,500</u>	<u>2,222,332</u>
Expenses			
Employee expenses		(363,556)	(331,864)
Contractor expenses		(207,290)	(148,143)
Project visit expenses		(29,420)	(100,916)
Event specific costs		(78,803)	(72,186)
Interest & financing costs		(1,396)	(1,159)
Overseas donations and transfers expenses	9	(1,104,535)	(1,269,369)
Other expenses		(104,306)	(135,149)
		<u>(1,889,306)</u>	<u>(2,058,786)</u>
Net surplus / (deficit) before tax		<u>230,194</u>	<u>163,546</u>
Income tax expense	1(i)	-	-
Net surplus / (deficit) after tax		<u>230,194</u>	<u>163,546</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>230,194</u>	<u>163,546</u>
Net surplus attributable to members of the entity		230,194	163,546
Total comprehensive income attributable to the members of the entity		<u>230,194</u>	<u>163,546</u>

The accompanying notes form part of these financial statements.

**SO THEY CAN
ACN 138 063 475**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Notes	31-Dec-2017	31-Dec-2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3(a)	1,049,050	732,350
Trade and other receivables	4	29,804	56,740
TOTAL CURRENT ASSETS		1,078,854	789,090
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,878	4,274
TOTAL NON-CURRENT ASSETS		2,878	4,274
TOTAL ASSETS		1,081,732	793,364
CURRENT LIABILITIES			
Trade and other payables	6	234,329	177,415
Provisions	7	14,012	12,7512
Current tax liabilities	1(i)	-	-
TOTAL CURRENT LIABILITIES		248,341	190,167
NON-CURRENT LIABILITIES			
Provisions	7	-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		248,341	190,167
NET ASSETS		833,391	603,197
EQUITY			
Retained profits		833,391	603,197
TOTAL EQUITY		833,391	603,197

The accompanying notes form part of these financial statements.

**SO THEY CAN
ACN 138 063 475**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Retained Earnings \$	Total \$
Balance at 1 January 2016		439,651	439,651
Profit attributable to members of entity / (excess of revenue over expenses)		163,546	163,546
Balance at 31 December 2016		603,197	603,197
Balance at 1 January 2017		603,197	603,197
Profit attributable to members of entity / (excess of revenue over expenses)		230,194	230,194
Balance at 31 December 2017		833,391	833,391

The accompanying notes form part of these financial statements.

**SO THEY CAN
ACN 138 063 475**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	31-Dec-2017	31-Dec-2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from donations and other revenue streams		2,103,402	2,179,605
Payments to overseas development programs		(1,104,535)	(1,269,369)
Payments to suppliers and employees		(682,167)	(825,796)
Net cash provided by / (used in) operating activities	3(b)	316,700	84,440
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	(2,996)
Net cash provided by / (used in) investing activities		-	(2,996)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		316,700	81,444
Cash and cash equivalents at beginning of year		732,350	650,906
Cash and cash equivalents at end of year	3(a)	1,049,050	732,350

The accompanying notes form part of these financial statements.

**SO THEY CAN
ACN 138 063 475**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

In the opinion of the directors, the Company is not publicly accountable. 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 comply with Australian Accounting Standards – Reduced Disclosure Requirements.

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 27 July 2018.

Accounting Policies

(a) Revenue

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Where the entity receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value, these assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Donations and bequests are recognised as revenue when received.

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 or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses.

**SO THEY CAN
ACN 138 063 475**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified “at fair value through profit or loss” in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

- (i) Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

- (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year. (All other loans and receivables are classified as non-current assets.)

- (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity’s intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting year. (All other investments are classified as current assets.)

If during the year the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

**SO THEY CAN
ACN 138 063 475**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Such assets are subsequently measured at fair value.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting year. (All other financial assets are classified as current assets.)

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting year, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(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.

(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.

**SO THEY CAN
ACN 138 063 475**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Cash and Cash Equivalents

Cash and cash equivalents includes 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(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) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current year. When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative year must be disclosed.

(l) 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.

(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.

**SO THEY CAN
ACN 138 063 475**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	31-Dec-2017	31-Dec-2016
		\$	\$
NOTE 2: REVENUE			
Revenue from core operations			
Donations		1,503,850	1,571,660
Events		146,869	165,188
Sponsorship		457,517	377,301
Project visits		5,046	99,200
Foreign exchange gains/(losses)		(3,091)	1,280
Interest earned		9,089	7,503
		2,119,280	2,222,132
NOTE 3: CASH AND CASH EQUIVALENTS			
3(a) Cash and cash equivalents			
Petty cash		142	533
Cash at bank		394,234	361,330
Term deposits		654,674	370,487
		1,049,050	732,350
3(b) Reconciliation profit from operations to net cash flows from operating activities			
Surplus from operations		230,194	163,546
Depreciation expense		1,396	1,159
Decrease / (increase) in trade and other receivables		26,936	(42,727)
Increase / (decrease) in trade and other payables		56,914	(40,534)
Increase in provisions		1,260	2,996
Net cash flow from operating activities		316,700	84,440
NOTE 4: TRADE AND OTHER RECEIVABLES			
Accounts receivable		3,742	45,654
Prepayments		23,562	8,586
Rental bond		2,500	2,500
		29,804	56,740

**SO THEY CAN
ACN 138 063 475**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	31-Dec-2017	31-Dec-2016
		\$	\$
<hr/>			
NOTE 5: PROPERTY, PLANT AND EQUIPMENT			
Property, Plant and Equipment			
Small Assets		5,645	6,577
Less accumulated depreciation		(2,767)	(2,303)
		2,878	4,274
Total property, plant and equipment		2,878	4,274

Movements in carrying amounts	Small Assets	Total
	\$	\$
Balance at 1 January 2016	2,437	2,437
Revaluation increase/(decrease)	-	-
Additions	2,996	2,996
Transfers	-	-
Disposals	-	-
Depreciation expense	(1,159)	(1,159)
Carrying value at 31 December 2016	4,274	4,274

Movements in carrying amounts	Small Assets	Total
	\$	\$
Balance at 1 January 2017	4,274	4,274
Revaluation increase/(decrease)	-	-
Additions	-	-
Transfers	-	-
Disposals	-	-
Depreciation expense	(1,396)	(1,396)
Carrying value at 31 December 2017	2,878	2,878

NOTE 6: TRADE AND OTHER PAYABLES

CURRENT

Accrued expenses	33,128	21,490
Superannuation payable	5,933	6,736
PAYG withholding payable	4,777	5,923
GST clearing	(6,133)	(3,842)
Deferred revenue from grants	-	58,010
Intercompany payables	189,975	89,098
Other payables	6,649	-
	234,329	177,415

**SO THEY CAN
ACN 138 063 475**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	31-Dec-2017 \$	31-Dec-2016 \$
NOTE 7: PROVISIONS			
CURRENT			
Annual leave provision		14,012	12,752
		14,012	12,752

NOTE 8: OTHER EMPLOYEE BENEFITS

Defined contribution superannuation plans

The Company has paid contributions of \$29,831 to defined contributions plans on behalf of employees for the year ended 31 December 2017 (2016: \$25,151).

NOTE 9: OVERSEAS DONATIONS AND TRANSFERS EXPENSES

General donation to So They Can Kenya		772,593	866,830
General donation to So They Can Tanzania		331,942	402,539
		1,104,535	1,269,369

NOTE 10: OPERATING LEASES

Future minimum lease payments

The Company leases its head office under an operating lease. The lease ran for a period of 1 year, with an option to renew the lease after that date. The lease was entered into in 2016 and expired in October 2017. The Company has since moved to a monthly lease arrangement.

At 31 December, the future minimum lease payments under non-cancellable operating leases were payable as follows.

Less than one year		-	9,320
		-	9,320

NOTE 11: RELATED PARTIES

Key management personnel compensation

The key management personnel compensation was \$333,240 for the year ended 31 December 2017 (2016: \$247,096). Included in the aggregate key management personnel compensation is \$154,290 (2016: \$123,743) representing payments made to management service entities for the provision of key management personnel services to So They Can.

NOTE 12: TRAVEL EXPENSES

Travel 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.

NOTE 13: EVENTS AFTER THE BALANCE SHEET DATE

Charitable activities undertaken by the company have continued to be carried out as previously planned and reported. No other matters or 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 14: 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 15 below) totalled 10.4% of gross income in 2017 (10.4% in 2016).

**SO THEY CAN
ACN 138 063 475**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	31-Dec-2017	31-Dec-2016
		\$	\$
NOTE 14: INCOME AND EXPENDITURE – FUNDRAISING APPEALS (continued)			
i. Details of aggregate gross income and total expenses of Fundraising Appeals			
Gross proceeds of Fundraising Appeals		218,619	309,604
Costs of Fundraising Appeals		(87,737)	(111,258)
Net surplus obtained from Fundraising Appeals		130,882	198,346
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			
Folonomo		19,170	-
Mara Marathon		-	(7,478)
Melbourne Lunch		1,616	1,302
Corporate Events		10,973	28,569
Sydney Ladies Lunch		10,378	8,611
Sydney Annual Dinner		88,745	167,342
		130,882	198,346
iv. Key ratios			
		%	%
Total cost of fundraising appeals / Gross income from fundraising appeals		40.1	35.9
Net surplus from fundraising appeals / Gross income from fundraising appeals		59.9	64.1

NOTE 15: ADDITIONAL ACFID TRANSPARENCY DISCLOSURES

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

Revenue

Donations and gifts			
- Monetary		1,501,154	1,633,340
- Non-monetary		-	-
Grants			
- Department of Foreign Affairs and Trade		-	-
- Other Australian		460,213	249,128
- Other overseas		-	66,493
Investment Income		9,089	7,503
Other income		149,044	265,868
Total Revenue		2,119,500	2,222,332

**SO THEY CAN
ACN 138 063 475**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	31-Dec-2017	31-Dec-2016
		\$	\$
<hr/>			
NOTE 15: ADDITIONAL ACFID TRANSPARENCY DISCLOSURES (continued)			
<u>ACFID Format Income Statement (continued)</u>			
Expenditure			
International Aid and Development Programs Expenditure			
- Funds to International Programs		(1,104,535)	(1,269,369)
- Program Support Costs		(207,282)	(168,776)
- Community Education		-	-
Fundraising Costs			
- Public		(221,847)	(231,176)
- Government, multilateral and private		-	-
Accountability and Administration		(257,484)	(219,810)
Other		(98,158)	(169,655)
Total Expenditure		(1,889,306)	(2,058,786)
<hr/>			
Excess/(Shortfall) of Revenue over Expenditure		230,194	163,546
			%
Fundraising costs as percentage of Gross Income		10.4	10.4
Accountability and administration costs as percentage of Gross Income		12.1	9.8

NOTE 16: 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 2017**

In the opinion of the directors of So They Can the Company:

- (a) the Company is not publicly accountable ;
- (b) the financial statements and notes that are set out on pages 9 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 2017 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013 ; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Director



Dated this 27th day of July, 2018.

**SO THEY CAN
ACN 138 063 475**

**DECLARATION UNDER THE CHARITABLE FUNDRAISING ACT 1991
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. the Statement of Comprehensive Income gives a true and fair view of all income and expenditure of the organisation with respect to fundraising appeals;
2. the Statement of Financial Position gives a true and fair view of the state of affairs of the organisation with respect to fundraising appeals;
3. the financial report and associated records of the Company have been properly kept during the year ended 31 December 2017 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
4. 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.

This declaration is made in accordance with a resolution of the directors.

Director



Dated this 27th day of July, 2018.



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 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 2017, 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 2017.
- 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* (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 the Acts 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. 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 Acts and Regulations.

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 2017;
- ii. the Financial Report has been properly drawn up, and the associated records have been



properly kept for the period from 1 January 2017 to 31 December 2017, 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 2017 to 31 December 2017 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.

Richard Drinnan

KPMG

Partner

Wollongong

27 July 2018