ANNUAL REPORT 2021/22

Holstein

AUSTRALIA

Presented at the 35th Annual General Meeting

of the Holstein-Friesian Association of Australia Incorporated

Wednesday September 14 2022.

THE HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INC.

AgriBio, 5 Ring Rd, Bundoora, Victoria 3083 Australia
Telephone: (03) 9835 7600 Email: enquiry@holstein.com.au
Website: http://www.holstein.com.au ABN 87 455 118 302 REG NO. A14883U

PRESIDENT'S REPORT

Garry Carpenter
President, Gunns Plains, TAS

The life of a dairy farmer is anything but straightforward. While it seems many moons ago now, it was only this time last year as an Association and individually we were still navigating lockdowns and COVID restrictions.

This year, for a good part of the country, it has been the weather, with almost unprecedented rains and flooding along much of the eastern coast, particularly NSW and Queensland.

From conversations with many of you I know that people have pulled together to get each other through, particularly in northern NSW, rural communities looking after each other in a way they have become all too accustomed too. I'd just like to acknowledge those members and those communities.

The normal cycle resumes

The 'new normal' or 'when will things get back to normal' have been constant media questions over the last couple of years. For the Association, that time was at the beginning of the year with International Dairy Week taking place for the first time in 2 years.

Unsurprisingly numbers were down given where we were in January with Omicron, but this was such an important event for our industry. I often say HA is about just two things, the members and the cows. For HA it was important to host our first in-person member event since early 2020. And of course to celebrate the Holstein cow in person with members.

HA now has its full roster of classifiers on the road, busy as ever preparing for some big spring tours. Our member services team now have staff at Dairy House 5 days per week, with the up side of COVID-19 being we can now offer our staff a balance between working from home and the office, something the Association needs to do to remain a competitive employer.

On behalf of all HA members, thank you to all staff for what you do, day in, day out. It is probably not often acknowledged but is much appreciated.

I would also like to acknowledge Delia Worth, HA's long term Database Analyst, who passed away in January just a few weeks after retiring. Larger than life and with an individual take on the world, Delia had been there for members for just over 20 years. Our condolences to her family, friends and colleagues.

The health of the dairy sector

Top-line figures for the year show a decrease of 12% in registrations, 17% for classification and a 51% increase in genomic testing. Allowing for year on year variations due to outside factors - namely export volume and pent up post-COVID class demand - the figures for registrations and classification are relatively steady over the longer term.

Many members, I know, are feeling pretty optimistic for the future, particularly given where the milk price was heading as the last financial year came to an end. With ever rising costs, feed, fertiliser, energy and more, this was the best news possible for the sector. I'm sure I'm not alone in being able to plan ahead with some confidence as a result.

Investing in the future

HA is also planning ahead with some confidence. We're only a few months way from introducing an updated classification system and reporting, this in advance of wider IT changes over the coming years, with the Board currently considering the outcome of an IT review conducted over the last 12 months.

The Association is also investing time and resources in exploring opportunities for Holstein genetics and live export in new markets. We are actively working to support Pakistan's HRM Dairies, along with Genetics Australia and other industry stakeholders. This focus over the last 12 months also saw the Association commit to a presence at World Dairy Expo next month as part of a wider effort to promote Australian dairy genetics.

We also continue to support trade with China and promote more widespread representation on behalf of members with government and industry bodes so that the trade can continue for the benefit of every dairy farmer.

Getting out and about

It is an exciting time for HA, and I and my fellow directors are, at last, looking forward to getting out to see members in person. Technology has stood us in good stead over the last couple of years with the facility to meet online meaning that business has continued as it should for HA, and we've got the job done. An element of this, down to efficiency more than anything else, will be part of every workplace from here on in.

That said, particularly for our Association, it has once again highlighted the importance of and need for regular face-to-face meetings. As we move forward, we'll be back in the real world more. It is the people, the members, and the shared passion for the Holstein cow, that make HA what it is. And this exists in the real world, so we'll be seeing you at a Sub-branch meeting or event soon.

We know that as the dairy industry has contracted there has been a decline in membership. We have also seen a number of members get to the end of their careers. While always sad to see people leave the industry, we have seen them reap the rewards of membership with member sales of registered animals averaging $5,200 during 2021 compared to non-member sales at approximately $3,000.

To all our members, I wish you a successful year ahead. The Association and the industry are in a good place to grow and develop into the future.

Garry Carpenter
President and Chair of the Board

AUDIT and FINANCE REPORT

Phil Hall
Representative, the Audit and Finance Committee, Wokalup, WA

I am pleased to present the 2021/22 Financial Report for Holstein Australia.

Pleased because, even though the current economic climate has been unpredictable coming out of the global pandemic, we have managed to maintain our services while sustaining a moderate operating surplus.

I would like to highlight a few areas of both the audited accounts and the Profit and Loss Statement.

We produced a profit of almost $145,000 for the year that includes the change in market value of the investment fund.

Gross Profit Down

Our Profit and Loss Statement shows gross profit in 2021/22 decreased by just under $817,000 on the back of the lower investment fund value however, we saw only a marginal reduction in operating profit to $490,000 from $547,000 in 2020/21.

Our sales revenue was up marginally by $112,000 with total revenue of $3.89 million as were our operating expenses; up by only $57,500 to $3.33 million.

It was also pleasing to see each revenue category hold its own when compared to the previous comparative period. Live export continues to be a significant contributor to the bottom line; not only to the profit and loss but it also helps keep our cash on hand at historically high levels allowing us to comfortably fund the day to day operations.

There were some movements in some expense categories such as classification, member and technical services. Rising fuel and accommodation costs saw classifier running costs increase post-COVID and staff exiting the business saw a reduction in member service salaries. Staff taking maternity leave and recruiting staff to fill the gap added to technical services salaries.

The Board feels this is a reasonable result given the uncertainty of the economic climate we have operated in during the past 12 months. We have successfully navigated our way ahead and without the government assistance afforded to us in the COVID years.

Our Investment fund – What a difference 12 months makes!

Because of the extreme volatility in the global equity market during 2021/22, our investment portfolio suffered a decline in value consequently. While not affecting operational financial performance directly; the unrealised loss is still a negative in the P&L statement.

It is worth remembering that in recent times the fund has improved in value at historically high rates. Last year saw an increase exceeding 20% and despite a reversal of fortunes in 2021/22, the change in value was not as bad and most market benchmarks.

This financial asset contributes to the Association’s Balance Sheet, which shows our Total Assets increased marginally to $5.32 million. Offsetting the unrealised loss in fund value, cash on hand increased by nearly $600,000 to $1.18 million on the back of good export revenues.

Our Total Liabilities was on par with last year and decreased slightly by $20,000 to $969,000, leaving Member Equity at over $4.35 million.

Moderate Outlook Ahead

Acknowledging that operating surpluses cannot be maintained indefinitely, especially with our reliance on the export market the Board has grappled with the question of how to adjust to the current economic situation and how to best and, importantly wisely, use members' funds. Costs are under control and prudently managed to ensure there is no change in service delivery.

Given the uncertain times we are in, the 2022/23 budget represents a very conservative outlook for the Association. The Board felt very strongly that they should not budget for the best-case scenario, but equally, we hope to avoid the worst case by working harder to grow business and control costs.

The Association must not lose its momentum preparing for the changes that are happening within the industry. The budget forecasts income to be relatively flat compared with last year. However, there are encouraging signs that classification revenue will increase with more available class days and COVID catch-ups. Exports volumes may continue their upward spiral but as we have no control over the trade our estimates will again be lower than 2021/22.

Our expenses are also forecast to be flat although we will see an increase in two key areas: project expenditure and class team fuel costs however there will be some offset by a reduction in salaries by not filling recently vacated positions and a pending retirement.

What will stand out to members is the significant investment in projects that will kick-start during the 2022/23 financial year. This will have a major impact on the budget and has produced the forecast loss for the year.

The Board holds the strong view that now is the right time to begin the funding of IT projects that are long overdue. These will take time to investigate let alone implement and should the Board give them the green light; will give the association the independence it needs to control its own destiny. The Association has never been in a better financial position to fund these projects and our cash flow forecasts are positive so will expect to fully fund them from cash on hand.

As I stated last year at this time the board has for some time made promises to use the Association's cash reserves when the need arises. The board believes that 2022/23 is the year to begin delivering on the promise.

In closing, I'm happy to say the new financial year has started well and we are currently ahead of budget for year to date, although it is still early days.

Phil Hall

Representative, the Finance Committee

BREED DEVELOPMENT and CONFORMATION COMMITTEE REPORT

Gino Pacitti
BDCC Chair, Myponga, SA

Good afternoon members and guests,

It is 12 months since I was appointed to the Chair of the Breed Development and Conformation Committee and as such, this is my second report on what can be described as an interesting year for the Committee.

As was the case in 2021, COVID restrictions and vaccination rollouts prevented what is normally a run of meetings and herd visits organised during the year. None of us could escape that and as I said in my report last year hopefully, the landscape has finally changed to allow more frequency of out of town meetings.

Committee

At the 2021 AGM Scott Somerville from Somerelle Holsteins in Timmering Vic was elected to the BDCC replacing Marcus Young.

Scott's family have been breeding Holsteins in northern Victoria for almost 50 years and has been an active member of the Association serving two years as President of the Northern Victoria Sub-branch.

His passion for breeding good Holstein cows is one of that factors that lead him to nominate for the BDCC.

A strong advocate for maintaining the relevance of registered cattle, Scott is keen to promote the benefits of registered Holsteins.

At the time of writing two BDCC members; Geoff Horrocks and Wes Brown have reached the end of their respective terms and are eligible to renominate.

Competitions

All Australian Photographic Competition

After a disrupted couple of years the All Australian Photographic Competition was back, and the judges were delighted to be able to meet face-to-face to decide placegetters.

This year's competition included animals that qualified during 2020/21 and 2021/22 and I'm pleased to say that entry levels were very good with over 170 contesting the numerous age categories.

Returning judges, David Peglar and Matt Templeton were joined by David Johnston who stepped in at the 11th hour after Lisa McKay was unfortunately unavailable.

Can I pass on a vote of thanks to the members for their patience over the last 2 years who continue to support this great competition and a shout out to the photographers who, year after year never fail to produce such fantastic images of what I believe is the best of the breed.

Cow of the Year

For this year's judging, the Committee was joined by member judge Lachlan Fry, Katandra Park Holsteins, WA and industry judge Tim Weller from World Wide Sires to judge another field of quality matriarchs of the breed. All will be revealed at the Awards presentation so good luck to the finalists and congratulations to the 2022 Australian Cow of the Year.

Breed Development

Master Breeder

At the request from a sub branch the Committee analysed the breakdown of points that make up the Master Breeder award to determine if there was bias towards one or more components that make up the award, these being production, STP, classification and SBC.

On investigation into the breakdown of points awarded for 38 Master Breeder herds it was evident that there is no bias weighting towards herds with a focus on production.

In fact, the data demonstrated that classification and breeding dominate the point's distribution with over 60% of points coming from those two components as opposed to 20% for production.

It's worth remembering that the BDCC periodically reviews the production benchmarks that make up animal awards and this includes monitoring long-term trends in herd production improvements.

Genetic Merit

Throughout the year a number of member's animals were highlighted in the ABV releases demonstrating the impact of how deep cow families and the influence of the Appendix system has in continuing to develop the breed in Australia.

During 2021/22, cows and heifers that made the Top 20 list show case genetics with high components and as well as improvements for health traits including fertility, SCC and survival.

Congratulations to those members whose breeding programs are being recognised as genetic leaders in the breed.

The value of registered Holsteins.

While speaking of leaders within the breed I must mention the high sale value of registered Holsteins as we have seen in a number of sales in recent times.

I make particular mention of excellent results for sought after pedigrees at Elmar, Murribrook, Windy Vale and Avonlea just to mention a few; as well as the ST Create the Future sale at IDW.

And let's not forget Australia's longest running Holstein bull sale in Boyanup in the WA that continues into its 62nd year; regularly averaging over $8000.

Classification

It's fair to say that the classification team have had their work cut out for them over the last 12 months as they play catch up following COVID. However, with just under 30,000 classifications for the year I believe the momentum is swinging in the right direction.

To help with the load another classifier was appointed during late 2021 and I know many of you would have already met Rebecca Haebich in her travels or know her from her family's involvement with HA.

No stranger to registered Holsteins and classification, Rebecca's family hail from Tailem Bend in SA and have been active in the Holstein community including helping organise the Murray Bridge Calf Day over the past 20 years.

So a belated welcome to Rebecca!

In other classification developments that are worthy of mention:

- Leanne Summerville was appointed as Tour Coordinator helping John Crowther book the class tours
- Holstein Canada is rolling out their new classification software and we expect to have access to that and new tablet hardware over the coming months
- Classifier Sean Millar will attend the WHFF Type Harmonisation workshop in Switzerland at the end of September.

Closing

Before closing I was saddened to hear the news of the passing of Australia's highest classified cow Fairvale Morty Lady 51 in July.

A month shy of her 17th birthday Morty Lady's achievements were outstanding:

- Australia's only EX97 point cow
- 2 times IDW Supreme Champion
- Supreme Champion at Sydney Royal
- Overall Champion in the On Farm Challenge.

Truly a wonderful Holstein!

In closing, I know that at the time of writing there will be a special resolution put before the membership at this year's AGM to vote on a proposed new structure of the board committees.

Whatever the outcome I look forward to working with those members who make up the committee responsible for advancing the Holstein breed in Australia.

Gino Pacitti
Chair, Breed Development and Conformation Committee

CEO REPORT

Rohan Butler
Chief Executive Officer

I began my report for the previous financial year commenting on how complicated the year was due to continued COVID restrictions among other things. The same could be said for the last financial year. I was surprised looking back over the 2021/22 financial year to realise that we spent just over a quarter of it in lockdown here in Victoria, with interstate border restrictions lasting significantly longer.

Against this background, along with a pretty volatile economic climate, particularly over the second half of the financial year, the Association had a very solid bottom-line result, which puts us in a good place over the medium to longer term.

Staff Operations

Holstein Australia staff now total 14 FTEs meaning we are at very similar staffing levels as in the previous financial year. During 2021/22 there were some changes with Simon Adams, Phil Hentschke, Delia Worth and Sarah Keens leaving the team. We are now operating with 5 classifiers including the training of two new classifiers, Bronte Symonds and Rebecca Haebich over the last 12 months.

Following the departure of Sarah Keens the role of Marketing and Communications Coordinator has been filled by Amanda Glossop. Amanda hails from Northern Victoria and was raised on a dairy farm. The role is now full time as I saw a need to resource the member engagement and communications side of the business more fully. She is starting to build relations with key sub-branch members and will be on the road visiting Sub-branches, youth shows and other events over the next few months, as well as working with Adam Sawell on implementing our wider comms and marketing program.

It is important to note the departure of Delia Worth and acknowledge her contribution across 21 years working for the Association. Sadly Delia passed away suddenly in early January and her family was touched by the kind messages from both staff and members she had worked closely with.

I want to take this chance to thank the whole team and for their efforts working with members across the past 12 months, whether from home, in the office or on the road.

Annual Operating Plan

IT review

2021/22 has seen HA engage a third party to conduct a complete review of the Association's IT capability. The review has been presented to the Board and at the broader level next steps are being considered. That said it was already clear that software used for classification had become dated and needed renewal. A new arrangement has been agreed with Holstein Canada to access the new version of the classification software.

Developments to implement the new system commence in October 2022 with them aim of full implementation in early 2023. This is realistically an update of the software and hardware used and the only impact on members should be an improvement to the way visits are run.

New revenue stream

Many members will be aware of the children's book Holly the Holstein, the story is based on HA member Colin Daley. With the book established, author Russell Smith has provided HA with the opportunity to take over the rights to and marketing of the book, with any funds raised going towards funding HA Youth and Member activities. The book will be relaunched, including a new section on the Holstein Breed in Australia, in time for the Christmas market.

Export and potential markets for Australian genetics

The income for both members and the Association from live export is a great diversification from regular income streams. Currently the majority of heifers are exported to China, which in recent years has been a solid and valued market.

On the basis of spreading risk, the Association is actively looking for options to diversify that market. A study was conducted to identify potential additional markets for Holstein heifers. As a follow up to that discussion NHIA has part funded a display of Australian Dairy Genetics at World Dairy Expo, HA is taking part in the display with the aim of building relationships with many of the foreign delegates that attend the event.

Member Services

Registration

Registration numbers were down 12% against the previous year to 35,426. At face value, not a great result. The previous financial year saw several unexpected export orders that required registrations and that drove total registration numbers up. With that factored in core registration numbers where reasonably steady.

Genomics

Another strong year for genomic testing with 28,315 tests processed, up 51% on the 2020/21 financial year. It is pleasing to see continued strong demand for what is now an established product. It should be noted that a key part of this is down to HA's work with genomic testing partners Zoetis and Neogene. We look forward to continuing to work with these organisations into the future.

Classification

Notably classification was down 17% against the previous financial year for a total of 27,902 classifications. While a drop from our classification highpoint of 33,494, this figure from the previous financial year included the 'class surge' we experienced after classifiers had been off the road for a few months due to COVID lockdowns and again when border restrictions eased.

For a period in the 2021/22 financial year, we also had just three operating classifiers with two in training, significantly reducing the number of people available to evaluate animals. When compared to the most recent year not affected by COVID there was a 7% increase in classifications.

Summary

While activity was somewhat down against the previous year some of that has been due to the unsettled nature of the work environment during the Covid-19 pandemic.

Despite the impact of non-COVID global events here in Australia, economically and otherwise, I am pleased to report that we are now starting to see a return to more normalised operations. An exciting year presents ahead for the Association on a number of fronts, not least of which is the implementation of the updated classification system.

Rohan Butler
Chief Executive Officer

HOLSTEIN-FRIESIAN
ASSOCIATION OF AUSTRALIA INCORPORATED

ABN: 87 455 118 302

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

TABLE OF CONTENTS

General information

The financial statements cover Holstein-Friesian Association of Australia Incorporated as an individual entity. The financial statements are presented in Australian dollars, which is Holstein-Friesian Association of Australia Incorporated 's functional and presentation currency.

Holstein-Friesian Association of Australia Incorporated is a not-for-profit entity, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
AgriBio 5 Ring Rd Bundoora VIC 3083	AgriBio 5 Ring Rd Bundoora VIC 3083

The financial statements were authorised for issue, in accordance with a resolution of the Committee. Members of the Committee have the power to amend and reissue the financial statements.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the Members of the Committee the accompanying financial report comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to and forming part of the financial report:

1. Presents a true and fair view of the financial position of Holstein-Friesian Association of Australia Incorporated as at 30 June 2022 and its performance for the year ended on that date in accordance with the Australian Accounting Standards - Simplified Disclosures, other mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board; and

2. At the date of this statement, there are reasonable grounds to believe that Holstein-Friesian Association of Australia Incorporated will be able to pay its debts as and when they become due and payable.

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

G. Carpenter

J. J. Grey.

J. Grey

Dated this 29th day of August 2022

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
Revenue			
Sales revenue	3	3,647,924	3,535,524
Other income	3	239,382	346,314
Expenses			
Classification expenses		(732,696)	(681,154)
Technical services expenses		(753,220)	(659,662)
Export services expenses		(477,628)	(472,568)
Member services expenses		(725,438)	(805,025)
Building expenses		(13,267)	(13,410)
Administration & office overhead expenses		(311,732)	(319,083)
Marketing & journal expenses		(248,940)	(244,948)
Depreciation & amortisation	4	(134,431)	(138,507)
Total operating expenses		**(3,397,352)**	**(3,334,357)**
Change in market value of investments	8	(344,998)	414,411
Surplus/(loss) from continuing operations		144,956	961,892
Other comprehensive income		–	–
Total comprehensive surplus/(loss) for the year attributable to the members of Holstein-Friesian Association of Australia Incorporated		**144,956**	**961,892**

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 $	2021 $
Current assets			
Cash and cash equivalents	5	1,184,618	640,609
Trade and other receivables	6	608,536	658,219
Short-term deposits		55,368	55,000
Other current assets	7	13,806	47,544
Total current assets		**1,862,328**	**1,401,372**
Non-current assets			
Financial assets	8	2,922,184	3,122,869
Plant and equipment	9	130,569	157,015
Right-of-use assets	10	331,239	397,940
Intangible assets	11	78,341	117,188
Total non-current assets		**3,462,333**	**3,795,012**
Total assets		**5,324,661**	**5,196,384**
Current liabilities			
Trade and other payables	12	351,796	311,007
Provisions	13	248,435	243,727
Lease liabilities	14	67,283	66,056
Total current liabilities		**667,514**	**620,790**
Non-current liabilities			
Provisions	13	4,052	2,970
Lease liabilities	14	297,915	362,400
Total non-current liabilities		**301,967**	**365,370**
Total liabilities		**969,481**	**986,160**
Net assets		**4,355,180**	**4,210,224**
Equity			
Retained surpluses		4,355,180	4,210,224
Total equity		**4,355,180**	**4,210,224**

The Statement of Financial Position should be read in conjunction with the accompanying notes.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Retained surpluses $	Total equity $
Balance at 1 July 2020	3,248,332	3,248,332
Operating surplus for the year attributable to the members of Holstein-Friesian Association of Australia Incorporated	961,892	961,892
Other comprehensive income for the year	–	–
Total comprehensive surplus for the year attributable to the members of Holstein-Friesian Association of Australia Incorporated	961,892	961,892
Balance at 30 June 2021	**4,210,224**	**4,210,224**
Operating surplus for the year attributable to the members of Holstein-Friesian Association of Australia Incorporated	144,956	144,956
Other comprehensive income for the year	–	–
Total comprehensive surplus for the year attributable to the members of Holstein-Friesian Association of Australia Incorporated	144,956	144,956
Balance at 30 June 2022	**4,355,180**	**4,355,180**

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from operations		4,141,084	4,034,038
Dividends and distributions received		174,779	94,711
Interest received		333	876
Interest paid on lease liabilities		(12,758)	(16,945)
Payments to suppliers and employees		(3,348,624)	(3,273,902)
Net GST payment to the Australian Taxation Office		(200,209)	(169,700)
Net cash from / (used in) operating activities	20	**754,605**	**669,078**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,658)	(13,976)
Payments for short-term deposits		(368)	–
Proceeds from financial assets	8	375,503	955,740
Payments for financial assets	8	(519,816)	(1,638,545)
Net cash (used in) investing activities		**(147,339)**	**(696,781)**
Cash flows from financing activities			
Repayment of borrowings		(63,257)	(40,824)
Net cash (used in) financing activities		**(63,257)**	**(40,826)**
Net increase / (decrease) in cash and cash equivalents		544,009	(68,527)
Cash and cash equivalents at the beginning of the financial year		640,609	709,136
Cash and cash equivalents at the end of the financial year	5	**1,184,618**	**640,609**

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted
The Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The Association has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the company's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The Association has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel and related parties.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the *Associations Incorporation Reform Act (Vic) 2012* and associated regulations, as appropriate for not-for-profit oriented entities.

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

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

Revenue recognition
Sales
For all Sales items, the Association has a clear contractual obligation to provide services to the customer and recognises revenue in accordance with AASB 15 in the period that those performance obligations are met.

Interest income
Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Dividend income
Dividend income is recognised when the right to receive the dividend is established.

Other income
Other income is recognised when it is received or when the right to receive payment is established.

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

Note 1. Significant accounting policies (continued)

Income Tax
The Association is exempt from income tax under section 50-40 of the Income Tax Assessment Act 1997.

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

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

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

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

Trade and other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the association has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The association assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Derecognition
Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the association no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Note 1. Significant accounting policies (continued)

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment using the depreciation rates as follows:

Class of Fixed Asset	Depreciation Rate
Office Equipment	6 to 13%
Furniture, Fixtures and Fittings	4 to 6%
Computer Equipment	17 to 35%
Buildings Right-of-Use Asset	10%
Motor Vehicles Right-of-use Asset	20%

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

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

Right-of-use asset acquired by lessees – Initial measurement
The Association 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 less any lease incentive received; 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

Right-of-use asset – Subsequent measurement
The Association depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Intangible assets
Intangible assets acquired are initially recognised at cost. These assets have a finite life and are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software
Significant costs associated with software are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Note 1. Significant accounting policies (continued)

Trade and other payables

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expenses

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association’s incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Fair value measurement

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

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

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

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

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Association assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Association's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Association reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Association estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	2022 $	2021 $
Sales		
Package fees	212,783	229,080
Subscriptions	131,602	132,940
Registrations	430,879	449,995
Transfers	69,496	65,526
Export charges	1,123,007	1,120,274
Classification	1,028,199	964,866
Technical services	546,041	429,566
Other operating income	105,917	143,277
	3,647,924	**3,535,524**
Other Income		
Government subsidies	–	178,500
Interest received	333	876
Dividend & distribution income	174,779	94,711
Miscellaneous	64,270	72,227
	239,382	**346,314**
Total Income	**3,887,306**	**3,881,838**

Note 4. Expenses

Operating surplus before income tax includes the following specific expenses:

Depreciation and amortisation	134,431	138,507
Employee benefits expenses (included within expenses by function)	1,205,896	1,271,592

Note 5. Cash and cash equivalents

Cash at bank	1,184,618	640,609
	1,184,618	**640,609**

Note 6. Trade and other receivables

Current		
Trade receivables	576,422	619,126
Other receivables	32,114	39,093
	608,536	**658,219**

Note 7. Other current assets

Current		
Prepayments	13,806	47,544

Note 8. Financial assets

	2022 $	2021 $
Non-Current		
Portfolio investment	2,922,184	3,122,869
	2,922,184	**3,122,869**

Movement of investments		
Balance at beginning of the year	3,122,869	2,024,740
Purchases	519,816	1,638,545
Disposals (Proceeds)	(375,503)	(954,827)
Change in market value of investments	(344,998)	414,411
Balance at end of the year	**2,922,184**	**3,122,869**

Note 9. Plant and equipment

Office Equipment		
At cost	9,194	9,194
Less: Accumulated depreciation	(7,840)	(7,224)
	1,354	**1,970**
Computer Equipment		
At cost	101,192	98,534
Less: Accumulated depreciation	(84,984)	(73,946)
	16,208	**24,588**
Furniture, Fixtures and Fittings		
At cost	174,505	174,505
Less: Accumulated depreciation	(61,498)	(44,048)
	113,007	**130,457**
Total Plant and Equipment	**130,569**	**157,015**

Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Office Equipment $	Computer Equipment $	Furniture, Fixtures & Fittings $	Total $
Balance at beginning of year	1,970	24,588	130,457	157,015
Additions	–	2,658	–	2,658
Write down	(200)	(21)	–	(221)
Depreciation expense	(416)	(11,017)	(17,450)	(28,883)
Balance at end of year	**1,354**	**16,208**	**113,007**	**130,569**

Note 10. Right-of-use assets

	2022 $	2021 $
Right-of-use assets – building lease	366,688	366,688
Accumulated amortisation	(118,926)	(79,284)
	247,762	**287,404**
Right-of-use assets – motor vehicle lease	135,297	135,297
Accumulated amortisation	(51,820)	(24,761)
	83,477	**110,536**
Total Right-of-use assets	**331,239**	**397,940**

Movements in carrying amounts
Movement in the carrying amounts for each class of right-of-use assets between the beginning and the end of the current financial year.

	Building Lease $	Motor Vehicles $	Total $
Balance at beginning of year	287,404	110,536	397,940
Amortisation	(39,642)	(27,059)	(66,701)
Balance at end of year	**247,762**	**83,477**	**331,239**

Note 11. Intangible assets

	2022 $	2021 $
Database System and Software	707,170	707,170
Accumulated Amortisation	(628,829)	(589,982)
	78,341	**117,188**

Movements in carrying amounts

Balance at beginning of year	117,188	158,804
Amortisation	(38,847)	(41,616)
Balance at end of year	**78,341**	**117,188**

Note 12. Trade and other payables

Current

Trade payables	202,858	145,338
BAS payable	61,598	62,207
Sundry payables and accrued expenses	76,783	91,463
Member fees in advance	10,557	11,999
	351,796	**311,007**

Note 13. Provisions

	2022 $	2021 $
Current		
Provision for annual leave	136,302	131,352
Provision for long service leave	112,133	112,375
	248,435	**243,727**
Non-current		
Provision for long service leave	4,052	2,970
	4,052	**2,970**

Note 14. Lease liabilities

Current		
Building lease liability	37,519	35,778
Motor vehicles lease liability	29,764	30,278
	67,283	**66,056**
Non-current		
Building lease liability	225,816	263,998
Motor vehicles lease liability	72,099	98,402
	297,915	**362,400**

Note 15: Key management personnel disclosures

Compensation
The aggregate compensation made to members of key management personnel of the Association is set out below:

	2022 $	2021 $
Aggregate compensation	369,500	443,495

Transactions with related parties
Other than amounts paid to key management personnel there were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by DFK Kidsons Partnership, the auditor of the company:

	2022 $	2021 $
Audit services – DFK Kidsons Partnership		
Audit of the financial statements	11,730	11,500

Note 17. Contingent liabilities and contingent assets

The Association had no specific contingent liabilities or contingent assets as at 30 June 2022 and 30 June 2021.

Note 18. Commitments

The Association had no commitments for expenditure as at 30 June 2022 and 30 June 2021.

Note 19. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

Note 20. Reconciliation of result for the year to net cash inflow / (outflow) from operating activities

	2022 $	2021 $
Comprehensive result for the year	144,956	961,892
Non-Cash Movements		
Depreciation and amortisation	134,431	138,508
Loss / (gain) on financial assets	344,998	(414,411)
Write down of fixed assets	221	–
Movements in assets & liabilities		
(Increase)/decrease in receivables	49,682	(108,086)
(Increase)/decrease in prepayments	33,739	3,287
Increase/(decrease) in payables	40,788	91,908
Increase/(decrease) in provisions	5,790	(4,020)
Net Cash Inflow in Operating Activities	754,605	669,078

Level 6, 30 Collins Street
Melbourne Victoria 3000
TELEPHONE +61 3 8899 6199
FACSIMILE +61 3 9650 5751
www.dfkkidsons.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INC.

Opinion

We have audited the financial report of Holstein-Friesian Association of Australia Inc. which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report of Holstein-Friesian Association of Australia Inc., is in accordance with the *Associations Incorporation Reform Act (Vic) 2012*, including:

(a) gives a true and fair view of the financial position of the Association as at 30 June 2022, and of its financial performance and its cash flows for the year then ended; and
(b) complying with Australian Accounting Standards – Simplified Disclosures.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Level 6, 30 Collins Street
Melbourne Victoria 3000

TELEPHONE +61 3 8899 6199
FACSIMILE +61 3 9650 5751

www.dfkkidsons.com.au

In preparing the financial report, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

DFK Kidsons Partnership

DFK Kidsons Partnership
Chartered Accountants

Michael L Port
Partner

Melbourne
29 August 2022