



**11,500 Smiles
to-date
(and counting)**



**ANNUAL REPORT
2017-18**

Report from the Chair

Annual Report

Operation Cleft Australia is proud of its history and all that has been achieved.

Since its inception in 2005 Operation Cleft Australia has successfully undertaken more than 11,500 cleft lip and palate surgeries. The Operation Cleft Australia Foundation Inc. was established in 2008 by the Rotary Club of Box Hill Central. Operation Cleft Australia Inc. in its capacity as trustee for Operation Cleft Australia Foundation collects donations in Australia for the purpose of funding medical treatment for children in Bangladesh with cleft lip and palate disabilities. The funds raised in Australia are sent to a NGO approved by the Bangladesh NGO Affairs Bureau. The approved Bangladesh NGO is a separate organisation which uses the funds received from Operation Cleft Australia to pay the medical costs to have the operations performed and is responsible to administer and oversight the Foundation's program in Bangladesh.

This year, 535 cleft repair operations were completed in Bangladesh. While this fell short of the year's target of 750 operations, we passed the significant milestone of 11,500 operations in June 2018. A number of factors contributed to the shortfall, including a delay in final approval from the Bangladesh NGO Affairs Bureau for this year's program to commence, and widespread floods in Bangladesh. Of the operations completed, 158 operations (30%) were financed from Bangladeshi sources though our supporters at Far East Knitting and Dyeing Industries Ltd.

The fundraising environment in Australia remains very challenging. A range of new fundraising strategies have been developed and implemented to foster continuing support from existing donors, to recruit new donors and to diversify the range of fundraising activities. It is a pleasing result that total Australian donations increased by more than 10% this year, thanks to the inspiration and tireless work of our Fundraising Officer, Nirasha Silva. Several new fundraising strategies are currently being implemented.

Two members of the Rotary Club of Box Hill Central took the opportunity to attend Operation Cleft surgical camps in Bangladesh during the year – Bruce McEwen (Secretary of Operation Cleft) and Mark Balla. Rosemary Gyatt of the Rotary Club of Woodend who is the Operation Cleft Ambassador for Rotary District 9800 also attended an Operation Cleft surgical camp in Barguna. These visits were totally self-funded, and the inspirational accounts of their visits were included in our Smiles Update Newsletter for May-June 2018.

For the last three years Glencoe Foundation has done an outstanding job in implementing our cleft repair surgical program in Bangladesh and in undertaking all in-country administration. We are deeply indebted to Glencoe Foundation Bangladesh and particularly to our in-country manager, Moinul Islam, for their contribution. Operation Cleft's association with the Glencoe Foundations in Australia and Bangladesh has been longstanding. Colin Macfarlane AM, who established the Glencoe Foundations was the enthusiastic member of the Rotary Club of Box Hill Central who convinced the Club to commence Operation Cleft in 2005. But a change in arrangements is to occur for next year, not through any dissatisfaction with Glencoe Foundation, but because of opportunities that a new arrangement will deliver.

From the beginning of the 2018-19 year, Operation Cleft has entered into an arrangement with German Cleft (Deutsch Cleft Kinderhilfe e.V. or DCKH) to collaborate to deliver a combined annual total of 1,500 cleft operations in Bangladesh. German Cleft have been conducting cleft operations in Bangladesh since 2009. Under the new arrangement, German Cleft will arrange all the in-country

administration of the combined surgical program through Syed Nuruddin Ahmed Development Foundation (SNADF) which is a not-for-profit non-political NGO registered with the Bangladesh NGO Affairs Bureau.

The collaboration will combine the surgical teams of the two organizations and, through efficiencies and economies of scale, will enable us to keep the total cost of an operation to A\$300 for the next two years. German Cleft plan to establish a comprehensive cleft support centre in Bangladesh to provide comprehensive post-operative support for cleft patients, which would include provision of speech therapy, orthodontics and community support worker training. Children whose cleft repair surgery is funded by Operation Cleft will have access to the support of this centre. The provision of post-operative support for our patients has been a long term goal of Operation Cleft, and it is pleasing that this goal can now be achieved.

I am delighted to report that Moinul Islam, who has done such an outstanding job as Operation Cleft's in-country manager at Glencoe Foundation for the past three years, will be working with German Cleft to assist in the transition to the new arrangements.

We are extremely grateful to all members of the surgical team for their hard work and commitment on behalf of the children of Bangladesh and for the support of hospitals across Bangladesh.

My sincere thanks for their support to all members of the Committee of Management and to the team of volunteers who undertake the weekly processing of donations and other administrative tasks. Sincere thanks also to Prospect Wines for providing our Blackburn office free of charge. Through their substantial contributions we are able to undertake more operations.

But the greatest thanks must go to our donors – to the many Rotary Clubs, Rotarians, supporters of Rotary, groups and individuals whose amazing generosity as Smile Donors enables us to fund operations for underprivileged children in Bangladesh – and to our Bangladesh Patron Mr Asif Moyeen and our other supporters in Bangladesh whose generosity as Smile Donors ensures that more Bangladesh children have an operation that provides an opportunity for them to reach their full potential.

Lindsay Mackay
Chair
Operation Cleft Australia Foundation Inc.

**OPERATION CLEFT AUSTRALIA INC
AS TRUSTEE FOR
OPERATION CLEFT AUSTRALIA FOUNDATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

C O N T E N T S

A. OPERATION CLEFT AUSTRALIA FOUNDATION

Profit & Loss Statement
Balance Sheet
Statement of Changes in Equity
Cash Flow Statement
Notes to the Financial Statements
Statements by Members of the Committee
Independent Auditor's Report – E.F McPhail & Partners

B. OPERATION CLEFT AUSTRALIA INC

Committee's Report
Income and Expenditure Statement
Assets and Liabilities Statement
Notes to the Financial Statements
Annual Statement by Members of the Committee
Independent Auditor's Report – E.F McPhail & Partners

OPERATION CLEFT AUSTRALIA FOUNDATION
ABN 36 063 471 466

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
DONATIONS	<u>184,086</u>	<u>165,793</u>
CLEFT REPAIR PROGRAM		
Surgery Payments	105,605	143,977
Admin Support in Bangladesh	<u>38,386</u>	<u>48,476</u>
	143,991	192,453
GROSS SURPLUS / (DEFICIT)	<u>40,095</u>	<u>(26,660)</u>
EXPENSES		
Administration Costs		
Subscriptions	57	330
Seminars Conferences and Meetings	-	1,039
Postage	7,020	7,494
Insurance	-	609
Stationery & Office Supplies	311	1,175
Legal & Accounting	-	500
Bank Charges	339	479
Bank Charges - Merchant Fees	473	603
PayPal & GrassRootz Charges	846	612
Accounting Audit Fees	2,750	3,080
Computer Service	1,600	7,676
Salary - Admin Manager	-	30,864
Salary - Fundraising Manager	40,000	4,103
Superannuation	3,800	3,225
Annual Leave provided	-	363
Workcover premium	(60)	-
Telephone, Internet and Web Expenses	2,137	2,323
RAWCS Service Fee	<u>2,090</u>	<u>2,475</u>
	<u>61,363</u>	<u>66,950</u>
Fundraising Costs		
Banners, Tins, Badges etc	-	1,447
Printing - Brochures	1,738	4,675
Sundry Fundraising Expenses	<u>49</u>	<u>335</u>
	<u>1,787</u>	<u>6,457</u>
	<u>63,150</u>	<u>73,407</u>
OPERATING SURPLUS / (DEFICIT)	<u>(23,055)</u>	<u>(100,067)</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached audit
report of EF McPhail & Partners

OPERATION CLEFT AUSTRALIA FOUNDATION
ABN 36 063 471 466

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018	2017
	\$	\$
OTHER INCOME		
Interest Received	570	3,277
NET SURPLUS / (DEFICIT)	<u>(22,485)</u>	<u>(96,790)</u>

OPERATION CLEFT AUSTRALIA FOUNDATION
ABN 36 063 471 466

BALANCE SHEET
AS AT 30 JUNE 2018

	2018	2017
	\$	\$
ASSETS		
CURRENT ASSETS		
Cheque Account	62,780	45,729
Term Deposits	-	5,253
Investment Account	64,078	105,621
PayPal Account	7,837	5,549
Grassrootz Account	4,741	-
RAWCS account	-	60
Prepayments	610	-
Sundry Debtors	-	1,716
TOTAL CURRENT ASSETS	<u>140,046</u>	<u>163,928</u>
TOTAL ASSETS	<u>140,046</u>	<u>163,928</u>
LIABILITIES		
CURRENT LIABILITIES		
Sundry Creditors	1,136	3,756
Provision for Annual Leave	363	361
PAYG payable	1,221	-
TOTAL CURRENT LIABILITIES	<u>2,720</u>	<u>4,117</u>
TOTAL LIABILITIES	<u>2,720</u>	<u>4,117</u>
NET ASSETS	<u>137,326</u>	<u>159,811</u>
MEMBERS FUNDS		
Retained Surpluses Brought Forward	159,811	256,601
Current Year Surplus / (Deficit)	<u>(22,485)</u>	<u>(96,790)</u>
TOTAL MEMBERS FUNDS	<u>137,326</u>	<u>159,811</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached audit
report of EF McPhail & Partners.

OPERATION CLEFT AUSTRALIA FOUNDATION

ABN 36 063 471 466

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Retained Earnings	General Reserves	Total
	\$	\$	\$
Balance at 30 June 2016	256,601	-	256,601
Surplus / (Deficit) attributable to members	(96,790)	-	(96,790)
Balance at 30 June 2017	159,811	-	159,811
Surplus / (Deficit) attributable to members	(22,485)	-	(22,485)
Balance at 30 June 2018	137,326	-	137,326

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached audit
report of EF McPhail & Partners

OPERATION CLEFT AUSTRALIA FOUNDATION
ABN 36 063 471 466

CASH FLOWS FROM OPERATING ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Net Surplus / (Deficit)	(22,485)	(96,790)
Sundry Creditors	(1,399)	(9,886)
Provision for Annual Leave	2	(15,562)
Sundry Debtors	1,716	(778)
Prepayments	(609)	-
Net cash provided by operating activities	<u>(22,775)</u>	<u>(123,016)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash provided by investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Net increase/decrease in cash held	(22,775)	(123,016)
Cash at beginning of financial year	162,212	285,228
Cash at end of financial year	<u>139,437</u>	<u>162,212</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached audit
report of EF McPhail & Partners

OPERATION CLEFT AUSTRALIA FOUNDATION
ABN 36 063 471 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Statement of Significant Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the requirements of the trust deed to prepare a financial report. The trustees have determined that the trust is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards:

AASB 110: Events after the Balance Sheet Date

ASA 320: Materiality in planning and performing an audit

No other Australian Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

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

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

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

OPERATION CLEFT AUSTRALIA FOUNDATION
ABN 36 063 471 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Statement of Significant Accounting Policies (continued)

Going Concern

The committee have reviewed the going concern nature of the foundation. Notwithstanding the current and prior year losses, the financial report for the year ended 30 June 2018 has been prepared on the going concern basis as there are sufficient assets to to meet the foundation's current obligations.

2 The Business Process of Operation Cleft

Operation Cleft Australia Inc. in its capacity as trustee for Operation Cleft Australia Foundation collects donations in Australia for the purpose of funding medical treatment for children in Bangladesh with cleft lip and palate disabilities.

The funds raised in Australia are sent to the Glencoe Foundation in Bangladesh via Rotary Australia World Community Service Ltd (RAWCS), which acts as a controller for charitable funds going overseas from Australia.

The Glencoe Foundation in Bangladesh is a separate and independent organization which pays the medical costs to have the operations performed and administers the Foundation's program in Bangladesh.

OPERATION CLEFT AUSTRALIA FOUNDATION
ABN 36 063 471 466

STATEMENT BY THE MEMBERS OF THE COMMITTEE

The committee declares that the foundation is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The committee declares that:

- 1 The financial statements and notes present fairly the entity's financial position as at 30 June 2018 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements; and
- 2 In the committee's opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

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

Chairman:


.....
Mr Lindsay Mackay

Treasurer:


.....
Mr David Routledge

DATED 22 OCTOBER 2018

**OPERATION CLEFT AUSTRALIA FOUNDATION
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OPERATION CLEFT AUSTRALIA FOUNDATION**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report, of Operation Cleft Australia Foundation. (the trust), which comprises the balance sheet as at 30 June 2018, the income statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Qualification

As is common for organisations of this type, it is not practical for Operation Cleft Australia Foundation to maintain an effective system of internal control over cash donations and other fund raising activities until their initial entry in the accounting records. Accordingly, our audit in relation to fundraising was limited to amounts so recorded.

Qualified Auditor' Opinion

In our opinion, with the exception of the above qualification, the financial report of Operation Cleft Australia Foundation (the trust) is in accordance with its trust deed including:

- (i) giving a true and fair view of the trust's financial position as at 30 June 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the trust deed.

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 trust in accordance with 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.

Trustees' Responsibility for the Financial Report

The trustees of the trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the trust deed and for such internal control as the trustees determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intends to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for overseeing the trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism 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 trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the trustee'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 trust'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 trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees 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.

Name of Firm: E. F. McPhail and Partners
Name of Partner: Brian McPhail
Address: 38 Ellingworth Parade, Box Hill, Victoria, 3128
Dated this 22nd day of October 2018.



**OPERATION CLEFT AUSTRALIA INC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
COMMITTEE'S REPORT**

Your committee members submit the financial report of Operation Cleft Australia Inc. for the financial year ended 30 June 2018

Committee Members

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

Lindsay Mackay (President)
Geoff Limmer (Vice President)
Bruce McEwen (Secretary)
David Routledge (Treasurer)
Olive Aumann
Janine Scott
John Elrington
Gay Morris
Kevin Dobson
Victoria Funnell
Brian Martin
Don Sweeney

Principal Activities

The principal activity of the organisation was to act as trustee for the Operation Cleft Australia Foundation. The principal activities of the foundation during the financial year were to provide free cleft lip and palate repair surgery for underprivileged children in Bangladesh.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The loss after providing for income tax for Operation Cleft Australia Inc. for the 2018 financial year was nil.

The loss after providing for income tax for Operation Cleft Australia Foundation 2018 financial year was -\$22,485

Signed in accordance with a resolution of the members of the committee.



.....
Mr Lindsay Mackay



.....
Mr David Routledge

DATED 22 OCTOBER 2018

OPERATION CLEFT AUSTRALIA INC
ABN 36 063 471 466

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Profit before income tax	-	-
Income tax expense	-	-
Profit after income tax	<u>-</u>	<u>-</u>

OPERATION CLEFT AUSTRALIA INC
ABN 36 063 471 466

ASSETS AND LIABILITIES STATEMENT
AS AT 30 JUNE 2018

	2018	2017
	\$	\$
ASSETS		
Current Assets	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>-</u>	<u>-</u>
LIABILITIES		
Current Liabilities	-	-
Non-Current Liabilities	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
NET ASSETS		
MEMBERS FUNDS		
Retained Surpluses Brought Forward	-	-
Current Year Surplus / (Deficit)	<u>-</u>	<u>-</u>
TOTAL MEMBER FUNDS	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached audit
report of EF McPhail & Partners.

OPERATION CLEFT AUSTRALIA INC
ABN 36 063 471 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 Statement of Significant Accounting Policies

The directors of the association have prepared the financial statements of the association on the basis that the association is a non-reporting entity because there are no users dependent on general purpose financial reports.

This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs of directors.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of directors. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

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 balance sheet.

Trust Liabilities and Right of Indemnity

The association acts solely as trustee of a foundation and liabilities have been incurred on behalf of that foundation in the association's capacity as trustee.

Liabilities incurred on behalf of the foundation are not recognised in the financial report if it is not probable that the association will have to meet any of those foundation liabilities from its own resources. If the association becomes obligated to meet foundation liabilities, the trustee has a right to be indemnified from foundation assets. If it is probable that there will be a deficiency in foundation assets, a liability is recognised by the association to the extent of that deficiency. Details of the foundation liabilities, the offsetting right of indemnity, and any deficiency in the right of indemnity are disclosed by way of note to the financial statements.

Liabilities of the Operation Cleft Australia Foundation not recorded in the financial statements of the association were:

	2018	2017
	\$	\$
Current Liabilities		
Trade and other payables	2,720	4,117
Financial liabilities		
Total Current Liabilities	<u>2,720</u>	<u>4,117</u>
Total Liabilities	<u>2,720</u>	<u>4,117</u>

OPERATION CLEFT AUSTRALIA INC
ABN 36 063 471 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 Statement of Significant Accounting Policies (continued)

Rights of indemnity for liabilities incurred by the association on behalf of the following foundation and not recorded in the financial statements of the association were:

	2018	2017
	\$	\$
Operation Cleft Australia Foundation	<u>2,720</u>	<u>4,117</u>
	<u>2,720</u>	<u>4,117</u>

The assets of the foundation, which lie behind the right of indemnity, are not directly available to meet any liabilities of the association acting in its own right.

The assets of the foundation were sufficient to discharge all liabilities of the foundation at 30 June 2018.

2 Contingent Liabilities

A contingent liability exists relative to any future claims which may be made against the association arising from trusteeship dealings.

OPERATION CLEFT AUSTRALIA INC

Associations Incorporation Reform Act 2012
ss 94(2)(b), 97(2)(b) and 100(2)(b)

**ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF FINANCIAL POSITION
AND PERFORMANCE OF INCORPORATED ASSOCIATION**

We, Mr Lindsay Mackay and Mr David Routledge, being members of the committee of Operation Cleft Australia Inc, certify that –

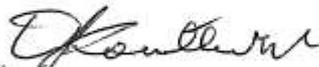
The statements attached to this certificate give a true and fair view of the financial position and performance of Operation Cleft Australia Inc. during and at the end of the financial year of the association ending 30 June 2018

Signed:



Dated 22 October 2018

Signed:



Dated 22 October 2018

OPERATION CLEFT AUSTRALIA INC
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OPERATION CLEFT AUSTRALIA INC

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Operation Cleft Australia Inc. (the association), which comprises the committee's report, the assets and liabilities statement as at 30 June 2018 and the income and expenditure statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification by members of the committee on the annual statements giving a true and fair view of the financial position and performance of the association.

In our opinion, the accompanying financial report presents fairly, in all material respects the financial position of Operation Cleft Australia Inc. as at 30 June 2018 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the requirements of the *Associations Incorporation Reform Act 2012*.

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 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the association to meet the requirements of the *Associations Incorporation Reform Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Committee for the Financial Report

The committee is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *Associations Incorporation Reform Act 2012* and for such internal control as the committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

The committee is responsible for overseeing the association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee'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 the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Name of Firm: E. F. McPhail and Partners
Name of Partner: Brian McPhail
Address: 38 Ellingworth Parade, Box Hill, Victoria, 3128
Dated this 22nd day of October 2018.

